

ECONOMIC DEVELOPMENT FUND -- APPLICATION GUIDANCE INFORMATION

This Application Guidance package explains how to apply to the Economic Development Fund (EDF), a component of the Massachusetts Community Development Block Grant (CDBG) Program. It includes information about what to submit, deadlines, special eligibility standards, and the application review process. This guidance material should be read in conjunction with the FY 2014 Massachusetts CDBG One Year Action Plan, which applicants should read first. *The One Year Action Plan takes precedence over language in all program components within this application guidance.* The FY 2014 Action Plan, a component of the [Massachusetts 2014 Action Plan for CDBG, HOME, ESG, HOPWA](#), is available on the [Department of Housing and Community Development \(DHCD\) website](#).

DHCD provides technical assistance to cities and towns interested in applying to the Massachusetts CDBG program. Applicants are strongly encouraged to call program staff with questions. Municipal officials or their designees are welcome to come to DHCD's offices to meet with staff. In addition, Technical Assistance Memos will be available online for interested applicants. These documents describe program design options and the regulations governing projects. To obtain online reviewer access, contact Mark Nardone, EDF Program Coordinator at (617) 573-1447 or mark.nardone@state.ma.us.

APPLICATION SUBMISSION REQUIREMENTS

The FY 2014 One Year Plan divides EDF program assistance into two broad categories of assistance, including: (a) Community Grants and (b) Section 108 *Loan Guarantees*. **This guidance applies generally to both categories, but the Section 108 loan application format will be provided by HUD.** Community Grants are discussed in more detail beginning on page 2 of this Application Guidance. Section 108 *Loan Guarantees* are discussed beginning on page 8.

EDF Program

The EDF is a non-competitive program. Applications are accepted on a rolling basis. EDF applications are evaluated according to a two-stage process, which consists of (1) completion of an Application Information Form (AIF) and (2) the application. Both the AIF and application must be submitted using DHCD's web-based application system.

Important: Throughout this document, terms that are in *italics* are defined in [EDF Glossary of Terms, Appendix M](#).

Before applying

EDF application proponents are strongly encouraged to contact EDF staff to discuss proposals. All program requests are tracked and logged. Communities proposing projects that appear to meet basic program requirements may submit an AIF online using the [Massachusetts CDBG Program application website](#). The AIF provides a project summary for discussion prior to submission of a final application.

The AIF

EDF staff reviews the AIF and if appropriate, schedules an Initial Meeting with the community to review the proposal in more detail. EDF may then invite the community to apply outlining in writing any final issues that need to be addressed in the application.

The Application

If the proposal appears consistent with program requirements and likely to meet all program thresholds, EDF staff will invite the community to submit an application. The complete application must be received within three (3) months of the date of the invitation. The three (3) month application deadline may be extended in extenuating circumstances at DHCD's discretion.

Application Review

Applications will be reviewed for completeness, documentation of application/project thresholds, evaluation of responses to project packet(s), and responses to conditions, questions and comments included in DHCD's letter of invitation. To be considered for funding, a proposed activity must meet all thresholds, and must address all packet questions and project conditions to the satisfaction of DHCD.

APPLICATION TRAINING AND TECHNICAL ASSISTANCE

Local officials or their designees are welcome to examine previously funded applications on-line. If you want to talk to EDF staff or make an appointment to review previously funded applications, call (617) 573-1447.

The Appendices referred to throughout this guidance are listed on page 52 and are available on the [EDF program website](#).

PROJECT CATEGORIES

EDF offers assistance to communities focused on retaining and creating jobs for low and moderate-income people, strengthening the local tax base, and supporting revitalization efforts that enhance the quality of life in the community. EDF gives priority to assistance for physical improvements in support of economic development and job creation/retention. Historically, EDF has funded a range of economic and community development projects. More recently, including In FY 2014, program funding is more limited and the following categories of projects will be considered, provided they can document an *economic development purpose*.

EDF encourages and supports projects which, relative to similar past and prospective projects, are compelling in terms of need and impact, do not exhibit complex issues adversely affecting project costs and timelines, include evidence of financial need, and exhibit characteristics that are compatible with the project's surroundings. Additionally, the EDF program will support and encourage investor owner residential and *mixed-use* projects, which include evidence of marketability, exhibit a prominent location proximate to traditional downtown activities and services, and reveal no *creditworthiness* issues or concerns regarding the sponsor/owner.

COMMUNITY GRANTS

Examples of Community Grants projects are described below. The required application packet is listed after each activity category. Other packets are also listed, which may be required depending on the specific proposal. The EDF application invitation letter will specify the project packets to be used. More detailed information about project packets can be found on page 15.

1. PHYSICAL IMPROVEMENTS SUPPORTING DOWNTOWN AND COMMERCIAL CENTER ECONOMIC DEVELOPMENT

A. *Rehabilitation or Adaptive Re-Use of Mixed-Use or Investor Owner Residential Buildings*

General Uses of Funds

Acquisition, demolition, and building *rehabilitation*,¹ *reconstruction* or adaptive re-use activities when clearly linked to economic development. Eligible projects include *investor owner residential* (5 or more units) and *mixed-use* buildings containing commercial use and *workforce housing*, that are located in *downtown or commercial center areas* and are proximate to traditional downtown activities and suitable services. The *entire building façade* must be appropriately addressed, regardless of the portions of the building assisted. All units produced must (a) be occupied, (b) have pre-leases or other documentation indicating they will be occupied upon completion, or (c) be actively marketed. Bid-ready plans and specifications are preferred; but design should minimally be completed to design development phase (see Appendix I.)

Project Types

- *Rehabilitation, reconstruction* or adaptive re-use of residential/commercial *mixed-use* or *investor owner residential* buildings.
- Assistance for exterior building improvements that address conditions of blight in an area of blight approved by DHCD.
- Assistance to remove immediate threats to health and safety of a site or structure that is not located in an area of blight approved by DHCD.
- Removal of architectural barriers. Limited to projects which cannot otherwise be eligible under another provision of HCDA, are unable to meet LMI/Jobs or another national objective, and have an *economic development purpose*.

Funding Available

- A *mixed-use* or *investor owner residential* project qualifying for residential or commercial and residential assistance may receive a grant of \$100,000 to \$750,000, plus administration costs.
- Grants or *deferred payment loans* (DPLs) for housing development. (Note: If CDBG funds assist residential rehabilitation, at least 51% of the project's units must be LMI units and the remaining units (at least one) must be *workforce housing*.)
- Assistance for housing development is limited to a maximum per unit CDBG/EDF cost of \$125,000. For most housing project components, all federal and state grants combined shall not exceed 75 percent of total actual project costs.
- Grants or DPLs to assist the renovation of the exterior building façade of the commercial component of a *mixed-use* project. The *entire building façade* must be appropriately addressed, regardless of the portions of the building assisted. *Mixed-use* projects receiving only commercial assistance will be limited to the general EDF project cap of \$500,000. DPLs for commercial improvements typically coincide with the term of the *preservation easement*; minimum 10 years.

¹ The construction, renovation, remodeling or alteration of a building or facility that is open to the public triggers Massachusetts Architectural Access Board (AAB) requirements. If the work done in a 36-month period is greater than \$100,000, the work being performed is required to comply. In addition, an accessible entrance is required. Where provided, public telephones, drinking fountains and rest rooms must also comply. If the work done in a 36-month period is more than 30% of the "full and fair cash value" (usually the assessed value) of the building, the entire building must come into compliance. Additionally, the federal Architectural Barriers Act (ABA) requires that buildings and facilities constructed or altered with federal funds comply with federal standards for physical accessibility (41 CFR Section 101-19.6). For technical assistance, check with your local Building Inspector, Massachusetts Office on Disability (<http://www.Massachusetts.gov/mod>) or the U.S. Architectural and Transportation Barriers Compliance Board (<http://www.access-board.gov>).

- EDF grant funds may be used alone or in partnership with other CDBG or non-CDBG funding sources.

Additional Considerations

- *Davis-Bacon wage rates* apply to:
 - Residential projects receiving CDBG/EDF funds with more than seven housing units (Residential rates).
 - Most commercial improvements assisted with CDBG/EDF funds (Building Rates). Work conducted on the building envelope, which is truly incidental to the residential portion of the structure may not trigger Davis Bacon.
 - Most *mixed-use* projects receiving any CDBG/EDF funds that include work on commercial portion of building at the same time or under the same contract. (Residential rates if residential cost is 80% of total cost; both rates if not.) Bear in mind that EDF requires that the *entire building facade* be completed.
- *Relocation and Displacement*. It is DHCD policy to discourage projects that will cause the permanent *displacement* of persons, regardless of income. The application requires the inclusion of the Massachusetts CDBG/EDF Program *Anti-Displacement* and Relocation Assistance Certification, and the *Anti-Displacement* and Relocation Plan Summary. These documents are important to explain what steps the community will take to minimize *displacement* during the implementation of proposed activities. If a project may include Relocation or *Displacement*, the applicant must contact the Bureau of Relocation at 617-573-1408 for assistance as early as possible in the application process. Relocation costs are eligible for grant assistance.
- *Accessibility Improvements²*: *Rehabilitation, reconstruction* or adaptive re-use may trigger Massachusetts Architectural Access Board (AAB) and/or federal Architectural Barriers Act (ABA) requirements (see footnote.)
- *Choice Limiting Actions*: CDBG/EDF grant recipients are prohibited from making *choice limiting actions* on projects until after *Environmental Review* has been completed.
- *Creditworthiness*: The project owner/sponsor must have no *creditworthiness* issues or concerns.
- *Compliance Review*: All funded programs are subject to review for compliance with applicable state and federal laws, regulations and policies.
- *Design and Construction Standards*: All assisted projects must meet Local Initiative Program (LIP) *Design and Construction Standards*.
- *Energy efficient appliances*: Allowable if consistent with guidelines referenced in Appendix M, *Rehabilitation (Housing)*.

² The construction, renovation, remodeling or alteration of a building or facility that is open to the public triggers Massachusetts Architectural Access Board (AAB) requirements. If the work done in a 36-month period is greater than \$100,000, the work being performed is required to comply. In addition, an accessible entrance is required. Where provided, public telephones, drinking fountains and rest rooms must also comply. If the work done in a 36-month period is more than 30% of the "full and fair cash value" (usually the assessed value) of the building, the entire building must come into compliance. Additionally, the federal Architectural Barriers Act (ABA) requires that buildings and facilities constructed or altered with federal funds comply with federal standards for physical accessibility (41 CFR Section 101-19.6). For technical assistance, check with your local Building Inspector, Massachusetts Office on Disability (<http://www.Massachusettsgov/mod>) or the U.S. Architectural and Transportation Barriers Compliance Board (<http://www.access-board.gov>).

Application packet: Rehabilitation Activities.

Other application packets: Massachusetts One Stop Housing Application (Specified sections only).

Examples

Ayer – Fletcher Building

Ayer received \$877,895 to rehabilitate of the long vacant Fletcher Building located at 49 Main Street in Ayer's Main Street Mercantile Historic District. The grant assisted the residential component on the second, third and fourth floors of the building, consisting of six, one-bedroom affordable rental units. The street level commercial space was financed through other sources. Total development cost was \$1.8 million. The project *supports economic development* in downtown Ayer by increasing job opportunities in the central business district and by spurring additional reinvestment in the downtown.

Lee – 57 Main Street

Lee received \$481,277 to assist the acquisition of 57 Main Street, a three story, *mixed-use* building prominently located in the downtown. When the Town applied for funds the building was fully occupied and in a serious state of disrepair. A local non-profit, Berkshire Fund, Inc., carried out extensive upgrades and improvements using other state and private funding sources. Total development costs were \$2,755,000. The residential space includes 16 units (15 LMI), housing the existing tenants. *Rehabilitation* of the three commercial/retail units at street level included various code improvements and exterior façade work, retaining local jobs and services.

B. Other Physical Improvement Projects Located in Downtown Commercial Centers, With Emphasis on Support of *Mixed-Use* or Investor Owner Residential Development

General Uses of Funds

Acquisition, construction, *reconstruction*, or installation of public or private infrastructure, or site improvements when supporting *mixed-use* or *investor owner residential* development or jobs. Such projects must be located in and support *downtown or commercial center areas*. Bid-ready plans and specifications are preferred; but design should minimally be completed to design development phase (see Appendix I.)

Project Types

- Assistance to communities for infrastructure or site improvements supporting or part of a *mixed-use* or *investor owner residential* project.
- Removal of architectural barriers supporting or part of a *mixed-use* or *investor owner residential* project.

Funding Available

Grants of \$100,000 to \$500,000 per project, plus administration costs.

Additional Considerations

- *Wage Rates:* State Prevailing wages and/or Davis-Bacon wages and related federal labor laws (collectively Davis-Bacon and Related Acts) will likely apply.
- *Choice Limiting Actions:* CDBG/EDF grant recipients are prohibited from making *choice limiting actions* on projects until after *Environmental Review* has been completed.

Application packet: Construction Activities.

Example

A \$500,000 grant is required to complete the construction of an intersection and utilities improvements needed for a *mixed-use* development located in a *downtown or commercial center area*. If the development project is primarily housing, national objective of LMI/housing may be considered. If primarily commercial, LMI/jobs may be considered and so long as the project can document *sufficient creation/retention of jobs*.

2. ASSISTANCE TO NON-PROFIT DEVELOPMENT ORGANIZATIONS

General Uses of Funds

Grant assistance to eligible *non-profit development organizations (NDOs)* to capitalize small business or microenterprise *revolving loan funds (RLFs)* and technical assistance or training programs.

Project Types

- Capitalization of small business or microenterprise *revolving loan funds*.
- Business technical assistance or training programs for LMI Individuals who are owners/developers of a microenterprise.
- Other eligible microenterprise activities.

Funding Available

Grants of \$100,000 to \$500,000, plus administration costs, to eligible *non-profit development organizations (NDOs)* to *carry out* certain economic development activities, including: capitalization of small business or microenterprise *RLFs* and technical assistance or training programs. Microenterprise assistance is limited to commercial enterprises with five or fewer employees, one of whom is the owner. Small business assistance is subject to CDBG *appropriate analysis*, public benefit and *underwriting guidelines*, and EDF *supplemental documentation*. Assisted *NDOs* must demonstrate capacity, including past experience and performance, for operating small business or microenterprise assistance programs of the type and scale for which they will apply.

Additional Considerations

- Grants may be passed through to eligible *non-profit development organizations*, as subgrantees, qualified to *carry out* the funded activities on behalf of the grantee. When the activity is a *revolving loan fund (RLF)* that is funded in this way, loan repayments are not considered CDBG program income. However, it is EDF policy that loan repayments must be dedicated to future loan capital (thus, revolving). The program also allows a reasonable portion of the repayments to fund operations.
- *Compliance Review*: All funded programs are subject to review for compliance with applicable state and federal laws, regulations and policies.
- Requests for Capitalization of *RLFs* must include documentation of:
 - Lending policies
 - *Underwriting Criteria*
 - *Management Capacity*
 - Cash flow projections of for the *RLF* assuming inclusion of EDF funds
 - Organizational structure for review and approval of loans.
 - Narrative explanation of demand for loans by the identified target clientele of the type and size being offered, and in the area of operation. It must be clear why these specific funds are needed, and why other available resources cannot meet this need.
- Requests for Business Technical Assistance and Training programs must include documentation of:

- Criteria for participation and selection of assisted businesses
- *Management Capacity*
- If a loan fund will allow construction or physical activities:
 - *Davis-Bacon wage rates* will likely apply to construction activities.
 - *Choice Limiting Actions*: CDBG/EDF grant recipients (and *RLF* borrowers) are prohibited from making *choice limiting actions* on projects until after *Environmental Review* has been completed.
 - Sustainable Development Principles apply. (Otherwise these activities are exempt from this requirement.)

Application packet: Microenterprise Activities.

Other application packets: Assistance to For-Profits Activities.

Example

Palmer – Quaboag Valley Small Business & Microenterprise Assistance Program

The Town of Palmer, jointly with 12 Towns in the Quaboag region, received \$520,000 to re-capitalize an established business revolving loan fund (*RLF*) and to fund a technical assistance program. The EDF grant is assisting 59 LMI-owned *microenterprises* with loans and technical assistance, and several larger business loans that will create or retain at least 8 LMI jobs.

3. PLANNING PROJECTS SUPPORTING ECONOMIC DEVELOPMENT

General Uses of Funds

Planning and pre-development studies which, if implemented, would lead to a project with an *economic development purpose* that will meet a national objective.

- Proposed planning projects must clearly demonstrate that they have:
 - emerged from a local or regional planning effort (i.e., in addition to the local CDS).
 - a reasonable likelihood of resulting in an identifiable, economic development project that will likely be implemented within three (3) to five (5) years.
 - a reasonable likelihood that the implemented project will meet a national objective.
 - evidence of support by applicable state and/or regional agencies.
- EDF will not consider planning projects that:
 - appear to be “white elephants” lacking a convincing likelihood of moving forward and of meeting a national objective.
 - might be assumed by the private sector by virtue of superior project location or characteristics.
 - might be better suited for other federal, state, local, quasi-public or private funds.
 - have no known or potential, major development obstacles or other issues that could prevent implementation or achievement of national objective.
 - Include architectural or engineering costs related to a specific project (e.g., detailed engineering specifications and working drawings), which surpass the determination of economic feasibility). These are considered project costs and are not CDBG-eligible planning activities.
 - be used for printing brochures, or other community promotion activities.
 - be conducted on behalf of a specific business (this is assistance to for-profits).

Project Types

- Assistance for planning and pre-development studies.

Funding Available

Grants of up to \$50,000, plus administration costs.

Additional Considerations

- *Compliance Review:* All funded programs are subject to review for compliance with applicable state and federal laws, regulations and policies.

Application packet: Planning Activities.

Examples***Hatfield – Center School Redevelopment Study***

The Town of Hatfield received \$50,000 to fund a site assessment and re-use study of the Center School Building located in the center of Hatfield at 58 Main Street across from Town Hall. The study will develop a marketing strategy for the site, identify and prioritize economic development and housing/mixed use options for the reuse of the building, and improvements needed for the options deemed feasible. The building was constructed in 1914, has been vacant for many years, yet remains in overall good condition and in Town control. . The redevelopment of the Center School Building for mixed used is a unique opportunity and critical to addressing *affordable housing* and commercial space shortages in the town center. Redevelopment will also likely generate at least 15 local jobs.

Walpole – Route 1A/Main Street Economic Development Study

Walpole was awarded \$50,000 to fund an economic and market analysis, a fiscal and economic impact analysis, and a marketing and development finance strategy of the Route 1A industrial area and adjacent Main Street commercial area. The study provided specific development concepts, including potential building layouts and site elements, and included significant public participation to obtain stakeholder input of the proposed concepts, and the preferred concept plan. The plan provides the Town with tools and strategies for new business development and job growth in the study area, supporting job creation and retention for primarily low and moderate income (LMI) workers.

SECTION 108 LOAN GUARANTEES

General Use of Funds

- Financing for large scale, revenue producing economic development, housing, and public facilities development activities. Section 108 Loan Guarantees assist revenue producing development activities. The program provides access to federal loans or guarantees for gap financing within small cities and towns (non-entitlement areas) in Massachusetts.
- Loan Guarantees will be available to support the rehabilitation of, or conversion to, mixed-use or investor owner-residential buildings (5 or more units) located in downtown or commercial center areas. Residential projects should include mixed-income, affordable and market rate units. Housing unit rehabilitation will be limited to a maximum per unit CDBG cost of \$125,000. The entire building façade must be appropriately addressed, regardless of the portions of the building assisted. Section 108 loan assistance of \$1 million to \$5 million will be available for residential or mixed-use projects meeting these qualifications. For most housing project components, Section 108 loan funds plus all federal and state grants combined shall not exceed 75 percent of total actual project costs. Section 108 loans may also assist public facilities/infrastructure improvements that generate sufficient revenues and support downtown mixed-use or investor-owned, mixed-income residential projects
- As with EDF community grants, assistance to non-profit organizations for public services, capitalization of loan funds or business technical assistance, or direct assistance to individual businesses or other entities will also not be considered in Section 108.
- Section 108 loan funding is provided through the sale of bonds by the U.S. Department of Housing and Urban Development (HUD) to private investors. To protect the bondholders' investment, the Commonwealth pledges to HUD a portion of its annual Community Development Block Grant (CDBG) as a guaranteed source of loan repayment. Depending on the nature of the project, HUD may also require additional security/collateral from local non-CDBG sources, up to and including a pledge of full faith and credit.
- For each project, the community and/or the private sector or non-profit entity must already have secured substantial private financing support that is firm and documented. Projects which are speculative in nature or financially risky are not eligible.

Project Types/Eligible Activities

Large scale, public and private physical improvements supporting *downtown and commercial center* revitalization, including:

- *Rehabilitation of, or conversion to, mixed-use or investor owner-residential buildings (5 or more units)*
- Public facilities/infrastructure improvements that generate sufficient revenues and support downtown *mixed-use* or investor-owned, mixed-income residential projects

Funding Requirements

- The minimum award is \$500,000 and the maximum is \$5 million. The overall Section 108 Program is limited to \$10 million in FY 2014. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.
- Section 108 Loans generally cannot exceed 40% of the total project costs. However, DHCD will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case by case basis.

- Where job creation or retention is the national objective, a ratio of one job for every \$20,000 of Section 108 guarantee/loan assistance is used.

Loan Details

- **Security:** The principal security for the loan guarantee is a pledge by the State of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan.
- **Repayment:** The maximum repayment period for a Section 108 loan is twenty years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.
- **Financing Source:** Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD.
- **Interest Rates:** Interest rates on interim borrowing are priced at the 3 month London Interbank Offered Rate (LIBOR) plus 20 basis points (0.2%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.
- **Default:** To date, there has been no default under Section 108 resulting in a repayment by HUD. In the event of default requiring a payment, HUD would continue to make payments on the loan in accordance with its terms. The source of payments by HUD pursuant to its guarantee would almost always be pledged CDBG funds. However, HUD does have borrowing authority with the U.S. Treasury if the pledged funds are insufficient.
- Prepayment penalties
- Guaranteed party/borrower pays legal fees

Additional Program Requirements

- Privately owned, non-residential real estate activities where the scope exceeds exterior façade improvements consistent with EDF Program Guidance, Appendix M, must be undertaken as economic development activities and must meet CDBG underwriting criteria. These criteria limit assistance to gap financing, which may be less than the 40% program limit.
- Section 108 regulations apply (24 CFR Subpart M, 570.700 - 570.710)

Application Guidelines

Applicants must contact DHCD prior to submission of an application. Rolling application with two-step process: prescreening to determine if the project meets funding criteria; if so, municipality is asked to apply. Applicants provide information on both the business and the community. Project applications must meet all applicable criteria outlined for EDF Community Grants. However, the format of any final loan application will be determined by HUD. Additional application considerations:

- All Section 108 applications must include evidence that the proposed project needs grant assistance to be feasible;
- DHCD is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;
- DHCD or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal;

- Baseline employment summary, slum & blight analysis or other applicable national objective documentation will be required prior to application;
- Applicable EDF application components apply;
- Applicable community and/or business financial information required;
- Approvals may take 4- to 6-months (HUD Washington DC approval required); and
- The project must be located in an eligible community and the project must: meet CDBG National Objectives; show financial need/gap; provide adequate cash flow and collateral to support/repay the debt, and meet Sustainable Development Principles.³

Loan Default

In the event of loan default, DHCD must be prepared to repay the Section 108 loans to HUD out of the Commonwealth's annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is provided from other sources, and the two noted above will be heavily collateralized with non-CDBG resources. The possibility exists, however, that the loans default and will need to be repaid from the annual allocation. In FY 2014 the potential liability, or repayment total, could be up to \$330,000 in the event of loan default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then DHCD will reallocate the budgeted default amount among other program components.

Please note that DHCD and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could significantly affect availability of funds in future years.

Examples (Active Section 108 Loans)

Everett – Acquisition & construction of roadway supporting River's Edge

One million dollar Section 108 loan for key infrastructure improvements required for River's Edge *mixed-use* (formerly Telecom City) project area. The debt service for years 1-8 (FY 2008 – 2015) will be funded with a \$1.2 million Brownfield's Economic Development Initiative (BEDI) grant. The State CDBG Program will further guaranty this loan in years 9-20, FY 2016-2027.

North Adams -- Massachusetts Museum of Contemporary Art (MASS MoCA)

Approximate \$3.77 million loan to partially fund real estate development by the non-profit museum foundation. The \$13 million project involves *rehabilitation* of two buildings. This project is Phase II of the City and MASS MoCA's revitalization plan for one of North Adams' most distressed neighborhoods. The State CDBG Program guarantees this loan for the 20-year term FY 2004-2022.

GRANT ADMINISTRATION GUIDANCE

The Commonwealth is not responsible for a recipient's grant management. Every municipality that receives a Massachusetts CDBG award is responsible for hiring qualified staff or consultants, supervising these individuals, and ensuring that grant programs are implemented in accordance with federal, state and, where applicable, local requirements. Chief elected officials or executive officers in municipalities considering a Massachusetts CDBG application should determine how much additional staff capacity the City or Town will need to implement the grant and then either budget for qualified personnel in the

³ This threshold does not apply to Public Social Services, business assistance for projects requiring construction, or projects that eliminate a public health or safety risk (e.g., demolition of a blighted structure).

application, or provide for compensation from locally appropriated resources. For further information see the section on Management Plans.

Municipalities may propose one or more projects in an application. Applicants may also include requests for funds to cover both administration and program delivery costs, as follows:

General Administration

Up to 18% of the total grant amount can be used for general administrative expenses. These include such personnel costs as financial/secretarial support and a grant manager to oversee program operations; and certain non-personnel expenses such as telephone, copying charges, an audit and other "overhead" types of costs.

Program Delivery

The cost of delivering a program service, such as the time spent by a housing *rehabilitation* specialist to inspect dwelling units, develop work write-ups, obtain bids for homeowners, and supervise construction work, is a program delivery cost which is not included in the general administration cap of 18%. The total administrative costs combined (General Administration and Program Delivery) should not exceed 30% of the total grant amount.

Grant Preparation Costs

If a municipality (or group of municipalities) has not received a Massachusetts CDBG grant in three prior years, up to \$6,000 for grant preparation can be charged as an allowable expense to the grant. For all other communities the maximum allowable expense for grant preparation is \$3,000. During application development, technical assistance is available to guide local officials in determining appropriate costs.

Determining Reasonable Administrative Costs

The Administrative and Program Delivery budgets are designed to allocate grant management charges between general administration and service delivery costs. Appendix F provides guidance for salary ranges for grant management positions typically funded by Massachusetts CDBG. However, grantees have the ability to perform grant responsibilities through municipal staff, a consultant or a sub-contractor. In any case, a city or town assumes the responsibility, through its Procurement Officer, of conducting procurement in accordance with applicable federal and state requirements. It is ultimately the responsibility of the Municipal Procurement Officer to establish procedures and monitor procurement operations to ensure that procurements are done properly.

Grant Awards and Administrative Costs

DHCD reserves the right to increase or decrease the award of funds for a program when either the delivery or general administration costs are insufficient or unreasonably high. Further, as we monitor a grant for federal compliance, municipalities must maintain sufficient documentation to show that costs charged to a program were actually service-related and not overhead or general administration-related. In any case it will be the grant recipient's burden to prove the reasonableness and eligibility of program delivery costs in both the application, and later, in actual practice.

AIF (PRE-APPLICATION) INSTRUCTIONS

Before submitting an AIF, contact Mark Nardone, EDF Program Coordinator at mark.nardone@state.ma.us or 617-573-1447 to discuss your proposal. If your proposal appears consistent with program requirements, a link will be made available for you to initiate the AIF using the Massachusetts CDBG program web-based application. (Refer to Application Instructions, below for more detailed instructions on accessing the web-based application.) The AIF is intended for preliminary project information sufficient to determine if the project might be invited to submit an application. Following review of the AIF, which may include a site visit, the community will be notified in writing if it will be invited to apply for EDF funds.

APPLICATION INSTRUCTIONS

This part of the Application Package provides guidance and instructions for completing the on-line application. Each on-line form includes specific instructions.

General Writing Guidelines and Page Limits for Applications

- There is a **six (6) page limit for responses to the evaluated questions** contained in each packet, except for a three (3) page limit for the planning packet. **Reviewers will not read beyond the page limit for any section.**

Page limits do not include the application cover sheets, threshold question responses, budget forms, project description summaries, or pertinent information that can be included in attachments or the appendices.

- Responses must be submitted on-line using the Department's web-based application system. **The easiest way to do this is to prepare, in advance, electronic versions of all narrative responses and then attach them to the corresponding section of the on-line application.**
- Several application questions allow for attachments. Applicants should use descriptive names for the attached documents e.g. "Public hearing minutes", "Waiting list summary" (do not include resident names on waiting lists). Attachments will be accessible through dropdown lists. If the attachments carry only file names, it is more difficult to locate the information. If more than five files are attached, applicants should create a list of attachments so that it is clear what information is available in the attachments. Do not use any symbols in the attachment file names.

All AIFs and applications must be received by DHCD's web-based application system. The application also requires submittal one hard copy of the Application Cover page, and Joint Authorization page (if applicable), with original signatures of the appropriate Chief Elected Official(s) prior to the application submittal deadline specified in the community's EDF application invitation letter. Send these pages to:

**Mark Nardone, Program Coordinator
Economic Development Fund
Department of Housing & Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114**

The MA CDBG/EDF FY 2014 web-based application forms must be submitted using the [Massachusetts CDBG Program application website](#). The Login page will look like this:

Executive Office of Housing and Economic Development

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If your community is a current grantee or applied online for funds before, this page should be familiar. If not, follow the instructions for New Users and contact Carl Monaco at (617) 573-1418.

After successfully logging on to the system, applicants should select the Create New link under the Economic Development Fund 2014 menu item. Agreeing to create a new Application (or Pre-Application/AIF) when prompted will open the Pre-Application/Application Menu screen and forms.

PRE-APPLICATION (AIF) MENU

The EDF pre-application contains only one main form, which includes 9 general questions. The questions are general to all project types and may be more or less applicable to your project. Call or email EDF staff if you have questions. Some questions provide locations to upload/attach supplemental documents. The

Pre-Application instructions indicate that completed responses must be signed by the Chief Elected Official of the applicant community. This requirement may be met with a letter of transmittal on official letterhead and signed by the Chief Elected Official. The letter of transmittal may be scanned and attached to the AIF, but the original must be physically submitted to the CDBG/EDF Program. The Pre-Application instructions state that the AIF must be submitted within 15 days of the date of its issuance.

The Pre-Application also provides a **warning under Part 58.22 of the *Environmental Review regulations, preventing choice limiting actions***. *Choice limiting actions* are prohibited until after the *environmental review* has been fully concluded. *Choice limiting actions* may include purchasing or committing to purchase a building or lot, going out to bid for contract, approving final design plans, or starting physical work on a site before the release of funds has been issued to the grantee. Grant recipients must not take any physical actions until the project has received environmental clearance.

The Pre-Application also requires the following information:

- Joint applicants, if any.
- Name of project.
- Name of *target area*/brief description of boundaries. (Note: All CDBG applications must propose activities that are targeted to a geographic area. The *target area* must be documented in the final application.)
- Community Development Strategy (CDS) – attached or explanation of status (must be completed with Application).
- If the project will involve building improvements, include:
 - Preliminary conceptual sketches (e.g., floor plan, elevation)- attach to question 1.
 - Preliminary cost estimates – attach to question 4.

APPLICATION MENU

The application menu consists of a series of forms which are the content of an application. The appropriate forms must be completed and saved in order to assemble a complete application.

COMPONENT SELECTION

At the top of the application menu screen is a link to the component selection form. The application packet materials for an activity - Construction, *Rehabilitation*, etc. will appear on screen only after the activity is selected on the component selection form. Select the activity(ies) that are the subject of the application by checking the “Selected” box next to the activity title. If the application has more than one of the same activity, applicants will create additional packets later.

APPLICATION COVER

The Application Cover Sheet must be **printed and signed by the Chief Elected Official** or by the Chief Executive Officer (if so authorized by the city or town). The individual who signs the cover sheet must be the official who is authorized to obligate the city or town to legal contracts. If this is not the Chief Elected Official (i.e., Chairman of the Board of Selectmen or Mayor), furnish the appropriate documentation in an appendix, which verifies the contractual authority of the person who signs the application cover sheet. For joint applications, this would be the Chief Elected Official or Chief Executive Officer in the lead municipality.

The Application Cover Sheet includes a checklist of certifications. The text of each Certification appears as a separate form within the online application. Applicants must check the boxes on the cover page to indicate their compliance with the requirements of the certification forms.

Municipalities seeking a joint or regional grant, i.e., two or more communities, must also submit the Joint Authorization Form. It must be signed by the Chief Elected Official of *every* municipality participating

except for the Chief Elected Official of the lead municipality. The Chief Elected Official of the lead municipality signs the Application Cover Sheet.

The individual who signs the Joint Application Authorization sheet must be the official who is authorized to obligate the city or town to legal contracts. If this is not the Chief Elected Official (i.e., Chairman of the Board of Selectmen or Mayor), furnish the appropriate documentation in an appendix, which verifies the contractual authority of the person who signs the sheet.

TIMELY EXPENDITURE THRESHOLD STANDARDS (For current Massachusetts CDBG grantees)

In accordance with the FY 2014 Draft One-Year Plan, Massachusetts CDBG requires that lead applicants who have received grants comply with a timely distribution threshold in order to apply for FY 2014 programs. If a joint participant has been a lead grantee in a CDBG grant that joint participant will be included in the analysis of this threshold. In order to apply for CDBG⁴ funding, a community must demonstrate, using the most recent financial status report at the time of application that 100% of all grant funds awarded for fiscal year 2010 and earlier have been fully expended, 80% of funds awarded in FY 2011 have been expended and for funds awarded in FY 2012 all required procedural clearances (*environmental review*, special conditions and administrative services⁵ procurement(s)) have been completed at the time of an application for FY 2014 funds. On a case-by-case basis, DHCD reserves the right to waive strict compliance with this threshold for communities based on grant award dates and/or events beyond the control of grantees.

COMMUNITY DEVELOPMENT STRATEGY

Applicants must attach a Community Development Strategy (with Pre-Application if available – see Pre-Application Instructions) and support documentation, unless they have a previously approved and currently valid Strategy on file with DHCD. Guidance regarding the Community Development Strategy and the Community Based Planning Requirement is found in the FY 2014 One-Year Action Plan on pages 6 and 7. For FY 2014 applications, the CD Strategy will be evaluated to determine adequacy and those CD strategies that do not meet the criteria will be subject to special conditions. There is a seven (7) page limit per community for responses to this requirement.

PROJECT PACKETS

Communities apply for funds for specific activities by submitting information in project packets specific to the type of activity requested. There are six project packets available in the online EDF application. However, Public Services are not currently eligible in EDF. For each project proposed, an applicant must use a separate packet. **Also, refer to the invitation to apply, which may include additional instructions specific to your application.**

⁴ CDBG includes CDF I and II, Mini-Entitlement, and Reserves, but for the purposes of this calculation excludes EDF, Section 108 and planning-only grants of \$50,000 or less. **Although EDF is excluded from the Timely Expenditure calculation, EDF applications must meet the Timely Expenditure threshold.**

⁵ Administrative services procurements include grant management services and other services that may be necessary to ensure the grant is ready to proceed but do not include engineering or *rehabilitation* specialist services. Town's must be under contract for these services to meet the threshold.

It is important that the correct budget lines are selected for projects within the activity packets, as this selection will establish the correct eligibility, units of measure, and performance measures throughout the life of the project. E.g., most EDF Housing Rehabilitation (HR) projects will be part of single, *mixed-use* rehabilitation project and will most appropriately be budgeted under line 4D, HR Housing/Other. Line 4B is reserved for new unit construction, allowed only under very specific circumstances in the regulations, and is unlikely to be utilized in an EDF project. Line 4C is reserved for HR loans and grants used in a traditional single family (1-4 units) HR program. This budget line is also unlikely to be used in EDF.

- **Rehabilitation Activities** -- (includes Housing or Commercial, and Other Housing) when undertaken as part of a *mixed-use or investor owner residential* buildings located in a downtown or commercial area. Section I-IV of the One-Stop Housing Application may also be required to supplement a *Rehabilitation* packet. Refer to invitation to apply for specific instructions.
- **Construction Activities** -- Architectural Barrier Removal, Demolition/Clearance, Infrastructure & Public Facilities.
- **Planning Activities** -- Assistance for planning and pre-development studies which, if implemented, would lead to a project that has an *economic development purpose* and will meet a national objective.
- **Assistance to For-Profits Activities** -- Currently available only for capitalization of small business *revolving loan funds* through qualified *Non-Profit Development Organizations*.
- **Microenterprise Activities** -- Currently available only for capitalizing *microenterprise revolving loan funds* and technical assistance or training programs.

A complete project packet is comprised of the following information:

- General information
 - Participating Municipalities
 - Name of Project
 - Eligible Activity description
- National Objective information including beneficiaries
- Threshold Requirements
 - Targeted Activities and Areas
 - Consistency with Community Development Strategy
 - Consistency with Sustainable Development Principles⁶
 - Additional Project Thresholds (project specific)
- Project Description
 - Project Location Information
- Project Budget Information including project and administrative costs, an attached, detailed budget, and EDF project/packet-specific requirements for supplemental budget information (click "Show Help" on Project Budget Information Page).
- Evaluative Questions (4)
 - Project Need
 - Community Involvement and Support
 - Project Feasibility
 - Project Impact

⁶ This threshold does not apply to Public Social Services, business assistance for projects requiring construction, or projects that eliminate a public health or safety risk (e.g., demolition of a blighted structure).

The following information will provide the applicant with guidance on how to complete the project packet component of the CDBG application. Applicants should use the project packets to provide detailed information regarding proposed projects. Project Packets are first reviewed for compliance with the threshold requirements, and then for completeness and adequacy of responses to evaluative questions and conditions included in the invitation letter. **Not all packets require the same response, please review the packets carefully.**

Eligibility

The first section of a Project Packet requests information to identify the participating community(ies), the project name and the eligibility of the activity requested. Based on this selection and the Project Description, DHCD staff will confirm the eligibility of the requested activity.

The proposed project must be eligible for funding under the rules of the CDBG/EDF program. Both Appendix A and pages 2 to 8 of this guidance list various types of eligible CDBG and EDF projects. Applicants should review this list to ensure that the proposed project is an eligible activity. Eligibility will be evaluated based on accordance with Title I, Section 105(a). *Ineligible activities* will not be evaluated. An activity/project retains its eligibility only if it meets one of the three national objectives of the CDBG program.

National Objective Compliance

Each project must meet a national objective. National objectives and related documentation are discussed in detail in this section. National Objective responses will not be scored. The response will be evaluated as described below.

- a) Identification of the national objective that will be met. Explain how it will be met in as much detail as possible. For example, a project could meet a national objective by benefiting low- and moderate-income persons *on an area-wide basis*.
- b) Description of appropriate type(s) of documentation available to show that the project meets a national objective.

National objectives are discussed in the CDBG Regulations for State Programs at 24 CFR Part 570.483. Each project must meet one of three national objectives:

1. Benefit to low- and moderate-income persons; or
2. Prevention or elimination of slums or blight; or
3. Urgent or critical community need.

Minimum requirements for documenting each type of national objective compliance are discussed below.

Benefit to Low- and Moderate-Income Persons

Documenting one of the following can satisfy this threshold:

A. **Area-wide Benefit** - A project will meet the national objective of benefit to low- and moderate-income persons if its benefits extend generally to all of the residents of the area in which the project is

located, and 51% or more of those residents are low- and moderate-income persons. It is critical, however, that the service area determined by the grantee is the entire area served by the project. In addition, the service area must be primarily residential. Area-wide benefit is often used to meet national objective requirements for certain types of infrastructure projects, such as street repairs in a largely low-income neighborhood. In any case, the application must clearly document and explain how this requirement will be met.

1. Explain the methodology for establishing geographical boundaries of the service area and the percentage of low- and moderate-income persons.

2. Applicants must prove the 51% low- and moderate-income residency standard by using either HUD-supplied low- and moderate-income data, which are based on the 2000 US Census; or a survey and its results consistent with the survey methodology included in Appendix C and available online at: [HUD Notice 2005-06](#).

- If a community believes their project's compliance with this National Objective can be based upon the statistics for the Block Group in which the project will occur and is considering the use of 2000 Census data to substantiate a low and moderate income (LMI) area, please contact MA CDBG for further discussion. DHCD is compiling LMI statistics by Block Group and can assist communities in matching the statistics to maps of their service area. In some cases, this may eliminate the need for income surveys of the service area.
- If a survey is used to substantiate a low- and moderate-income (LMI) area, a copy of the blank survey document and summary survey results must be included with the project packet. **Applicants must also include the survey data broken down by street (total number of households on each street and the income distribution for LMI households and all other households for each street).** *Surveys must demonstrate an adequate sample size and response rate based on HUD's guidance or they cannot be considered valid by DHCD.*
- A valid survey is no older than three years. If the survey is between three and five years old, DHCD will consider the survey if the applicant demonstrates that the surveyed households are the same as when originally surveyed, and that no additional residences have been added to cause the survey to become statistically unreliable. Applicants should seek DHCD's advice in advance prior to using older surveys.
- **Note: surveys must be worded to not bias the results. For example, it is not appropriate to say, "In order for the municipality to receive desired funding, a survey must be conducted to show that most of the residents of the area have low- and moderate-income."**

3. Applicants must furnish a parcel map of the service area, showing:

- If applicable, the Census Block Groups and the corresponding LMI statistics;
- If applicable, surveyed streets and surrounding area;
- The dominant land uses; and
- If applicable, current and proposed sewer or water lines, direction of flow, storage tanks, pump stations, treatment plants and well fields.

4. If the residential *target area* contains vacant land, applicants must:

- Show each vacant parcel of land on a parcel map; and
- Describe the potential future use of the land for the next five to seven years.

- Consider current zoning, subdivision plans, planning documents etc.; and
- Describe how future use could have an impact upon the national objective.

B. **“Direct” Benefit for Housing Projects** - CDBG-assisted housing projects (not to be confused with a “public housing project”) will meet the national objective if they predominantly benefit low- and moderate-income persons by providing them with safe, decent and sanitary housing. Housing projects include *rehabilitation* loans or grants, first-time homebuyer loans, etc. For such projects, grantees must collect and maintain information on household size and income to demonstrate that a low- or moderate-income household occupies assisted housing units. For buildings with two units, at least one eligible household must occupy one of the assisted units. For three or more units, at least 51% of the assisted units must be occupied. Applicants must describe the specific steps to be taken to ensure compliance with this requirement, including the income information that will be obtained from clients, and the standards used to determine eligibility at the time of application.

C. **Limited Clientele Benefit.** A CDBG-assisted project will meet this national objective if it can be demonstrated that the project is designed so that the benefits are limited to certain groups with characteristics, such as:

1. Groups presumed by HUD to be low- and moderate-income⁷. These include the elderly; severely disabled adults⁸, abused children, battered spouses, homeless persons, persons with HIV/AIDS, illiterate persons, and migrant farm workers. No income verification is required for these groups unless an “income payment,” such as fuel assistance, childcare subsidies or tuition payments, is being provided. Projects limited in scope to the removal of architectural barriers for severely disabled adult(s) or elderly persons categorically meet national objective requirements.

2. Groups of persons already documented as low- and moderate-income. For example, a recreation program for the exclusive use of residents in a low-income housing development complies. Usually no further income documentation is required for this type of project.

3. Groups whose composition is such that it can be concluded that a majority of their clientele will be low- and moderate-income persons. For example, projects involving soup kitchens or homeless shelters will usually qualify under this provision without further proof of income eligibility. For application purposes, the clientele must be profiled so it is clear that beneficiaries of CDBG assistance will be low- and moderate-income persons.

⁷ HUD accepts these presumptions unless there is evidence to the contrary. HUD no longer publishes its calculations for the elderly low- and moderate-income households by municipality. Therefore DHCD is making those calculations. If those calculations show that a municipality has fewer than 51% of its elderly residents as low- or moderate-income, DHCD will not accept the elderly presumption of low- and moderate-income. A statistically reliable survey must be presented to demonstrate that the users and potential users are low- or moderate-income.

⁸ Persons are classified as having a severe disability if they: (a) used a wheel-chair or had used another special aid for six months or longer; (b) are unable to perform one or more “functional activities” or need assistance with an “ADL or IADL”; (c) are prevented from working at a job or doing housework; or (d) have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia, or mental retardation. Also, persons who are under 65 years of age and who are covered by Medicare or who receive SSI are considered to have a severe disability

NOTE: For purposes of this definition, the term “functional activities” includes seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking. An ADL is an “activity of daily living” which includes getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating, and toileting. An IADL is an “instrumental activity of daily living” and includes going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

4. Groups that can be documented to be predominantly low- and moderate-income (at least 51%). Such projects must be designed to collect information on household size and income so that the program will document clientele income eligibility. For example, a project that provides well-child medical care would meet the national objective if the program will collect income data to determine eligibility to receive CDBG-assisted services.

Limited clientele projects must document compliance by one of the following methods:

- For projects that do not provide “income payment” forms of assistance, beneficiaries may “self-declare” their eligibility, generally by completing and signing a form declaring household sizes and income ranges.
- For projects that offer income payments or subsidies, income must be documented.
- For projects where the user profile will be low- and moderate-income, a description of the profile must be presented so that the conclusion, without a doubt, will be to benefit low- and moderate- income persons.

D. Planning Projects. An activity involving planning will meet a national objective if it is demonstrated that at least 51% of the persons who would benefit from implementation of the plan are low- and moderate-income.

E. Job Creation and Retention. In EDF some projects address the national objective of low and moderate-income benefit/creation or retention of jobs (LMI/jobs). Sample forms and instructions for documenting national objective under LMI/jobs in the application and during project implementation are located in the Massachusetts CDBG Program Economic Development Fund Job Monitoring Packet, Appendix N, located online along with all Application Guide Appendices. The forms to be completed with the application are a component of the online application. Generally, the following forms are required as part of the application: the Baseline Employment Summary, Self-Declaration forms completed by existing employees and applicants, and the Job Creation Plan (if applicable). Note that documentation requirements at the time of application will vary, depending on the nature of the project, and whether the businesses that will create or retain jobs have all been identified. I.e., all end-users may not be known at the time of application. Applicants should also refer to the invitation to apply for specific guidance. The Job Monitoring Worksheet will be maintained over the monitoring period (up to 3 years), and the Job Creation Status Report will be completed semi-annually.

Prevention or Elimination of Slums and Blight

A. Area basis - This national objective may be used for any activity designed to eliminate or prevent slum/blight on an area wide basis. Approval of the area will be based on documentation of all of the following criteria and submitted to DHCD for approval at least 30 calendar days prior to the application deadline. Communities who have their designated slum and blight area approved prior to the application deadline should include the approval letter as documentation in the application.

1. The Community must determine that the area meets the state’s definition of substandard, blighted or decadent areas as stated in MGL ch.121A and ch.121B. The community must describe how the conditions in the *target area* are consistent with these state definitions. Please refer to Massachusetts General Laws Chapters 121A and 121B. The Chief Elected Official or other authorized official must determine in writing that the area is in disrepair or there is a pattern of recognizable disinvestments thereby meeting one of the definitions ascribed above.

2. The community must also document that at least 25% of the properties throughout the area experience one or more of the following conditions:

Physical deterioration of buildings or improvements; Abandonment of properties; Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings; Significant declines in property values or abnormally low property values relative to other areas in the community or; Known or suspected environmental contamination OR the public improvements throughout the area are in a general state of deterioration.

Definitions

- 1) Physical deterioration of buildings and improvements are those buildings whose condition meets the definition of fair or poor under the rating criteria listed below. Public Improvements must demonstrate that they are in a general state of deterioration. Please refer to the Public Improvements guidance below.**

Excellent: Buildings that require little or no exterior work.

Buildings that are in excellent condition may be of any age or style. They demonstrate consistent, planned maintenance and repair, components appear to be code-compliant and energy efficient.

Public Improvements: Infrastructure is newer and/or improved and updated to meet current need and demand, is compliant with all applicable codes and requirements, and has no visual or physical evidence of deterioration or needed repair.

Good: Buildings that have cosmetic deficiencies or other early signs of aging and wear.

Building components appear to meet code, but energy efficiency improvements such as storm doors and windows and caulking may be needed. Decorative features may need to be secured, but items are in place. Materials do not need replacement, but do need some minor maintenance and repair. For example, roofs may be of older composition, but not yet deteriorated or leaking; siding may need spot painting or other “touch-up”; foundations and chimneys appear structurally sound but may show beginning signs of voids or loose mortar joints.

Public Improvements: Infrastructure such as streets and sidewalks show minor cracks, unevenness and patching. No visible or known evidence of deficiencies with water, sewer, or drainage systems.

Fair: A determination of fair for a building component means that the extent of defective conditions or deficiencies applies to a least 25% of the component.

Buildings with this designation show clear signs of deterioration indicative of a property that has not been maintained for 5 to 10 years. Some building components may be nearing the end of their serviceable life. Small wood and metal trim pieces of buildings may be lifting away from primary surfaces. At least 25% of roofing and related surfaces, including roofline, trim, flashing, and chimneys may be brittle, curled, cracked, and missing, with overall signs of aging, and exhibit levels of deterioration specific to this category. At least 25% of doors and windows may be old and worn, loose, ill-fitting, drafty, and otherwise energy inefficient and may have peeling paint or deteriorating vinyl or other surfaces. Exterior walls have at least 25% of surfaces with missing, broken or

otherwise deteriorated siding, painted surfaces in progressed state of peeling, or brick surfaces needing repointing. At least 25% of porches, stairs, and decking show early signs of deterioration including worn, cracked, and warped components affecting components such as treads, balusters, rails, jousts, and support posts. Foundations have cracks and voids over at least 25% of surface area. Storefronts and signage are aging, with architectural features that may have been covered with sheet metal, asbestos, asphalt, or other materials from renovations of earlier decades. These covering materials, as well as any exposed original surfaces, are now showing signs of deterioration over at least 25% of their surfaces.

Public Improvements: Infrastructure, including parks, playgrounds, and parking facilities, is older and needs regular maintenance and repair. Streets and sidewalks are cracked, uneven, patched, and not conducive to convenient pedestrian and or vehicular travel. Slow drainage causes some ponding to occur during heavy rains.

Poor: A determination of poor for a building component means that the extent of defective conditions or deficiencies applies to a least 50% of the component.

This category includes buildings that appear not to have been maintained for at least 10 years and have components which are beyond the end of their useful life. Exterior trim is missing altogether. One or more major building systems may be in danger of failure. The roof may be sagging with areas of extensive wear, exposed sheathing, and evidence of leaks over at least 50% of surfaces. Roofline trim, flashing, and chimneys exhibit levels of deterioration specific to this category. At least 50% of doors and windows may be rotted, broken, missing, and/or boarded up, with peeling paint or deteriorating vinyl or other surfaces. Exterior walls have at least 50% of surfaces with missing, broken, or otherwise deteriorated siding; painted surfaces rotted or in advanced state of peeling paint or brick or other masonry surfaces needing repair or repointing. At least 50% of porches, stairs, and decking exhibit hazardous and unsafe conditions including sagging, rotted, and missing components, and separation from the main structure. Foundations are extensively cracked with missing stone or masonry over at least 50% of areas; indications of structural instability, and may require replacement and shoring up, including sill work. Storefronts and signage are nearing end of useful life with original or old replacement materials which are extensively deteriorated over at least 50% of their surfaces.

Public Improvements: Infrastructure, including parks, playgrounds, and parking facilities, show advanced stages of deterioration and appears not to have been maintained for an extensive period of time. Streets and sidewalks and other paved surfaces are rutted, cracked, heaving, and appear to require full *reconstruction*. Curb reveals are minimal or nonexistent. Conditions may pose hazards to pedestrian and or vehicular travel. Some surfaces are severely deteriorated and infrastructure is generally antiquated, undersized, or obsolete. Regular street flooding occurs due to poor drainage.

2) Abandonment of Properties: are defined as residential, commercial or industrial buildings or lots that for the previous 24 months:

- Have been completely vacant;
- With owners who have not paid property taxes, utility bills or mortgage; or
- With owners who have not been responsive to notices or citations concerning the property from the municipality.

3) Chronic high occupancy turnover rates: refers to commercial or industrial buildings in which all commercial or industrial units have turned over 2 times within the previous 24 months. **Chronic high vacancy rates:** refers to commercial or industrial buildings that have been completely unoccupied for a total of 12 out of the previous 24 months.

4) Significant decline in property values relative to other areas in the community refers to buildings or lots in which assessed or market values, on a square foot basis, have declined by 25% relative to the change in average property values of other districts in the community with similar zoning or land uses. **Abnormally low property values** relative to other areas in the community refers to buildings or lots in which assessed or market values, on a square foot basis, are 25% lower than the average values of other districts in the community with similar zoning or land uses.

5) Known or suspected environmental contamination refers to real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant.

3. Because communities will receive a ten year designation of their *target area* if DHCD accepts the supporting documentation, DHCD requires both the submission of the building inventory and the infrastructure inventory regardless of which will qualify the area as meeting the criterion. In addition to the determination by local inspection, applicants must provide each of the following items in a separate attachment:

- A map clearly delineating the geographic area that is designated as slum/blighted and which shows the location of all buildings, properties and public improvements that are deteriorated or meet one of the criteria of disinvestment listed above.
- A parcel inventory of all buildings and properties in the slum/blight area. This inventory must include a Property Rating Sheet for each building and property located in the slum/ blight area. The rating sheet consists of a photograph of each building, a description of the condition of major building components and an overall property condition rating. The conditions are based upon definitions of standard criteria for classifying buildings as poor, fair, good and excellent as defined above.
- An infrastructure inventory that describes and quantifies the deterioration for each type of public improvement identified, e.g. linear feet of sidewalk, roadways, number of light fixtures. An Infrastructure Rating Sheet must be included with applicable photographs and description of conditions. The conditions are based upon the definitions as defined above.
- Appendix J that provides a summary of properties for the entire *target area*. This must include the total number of buildings, the type of buildings, and the percentage of buildings that are deteriorated in the area as a whole. Sidewalks, parking and other public improvements must be listed. The table must also include vacancy rates and the level of disinvestments, which has contributed to the deterioration of the area.

Rating criteria for buildings and public improvements

For buildings and infrastructure, the community must utilize DHCD's rating scale for measuring physical conditions in the slum/blight area. Communities must also use DHCD's Property Rating Sheet and Infrastructure Rating Sheet found in Appendix K of this guidance.

If you are qualifying a building or improvement using the criteria other than "physical deterioration" please provide information or appropriate documentation that meets the definition. This should be explained on the property rating sheet.

- To meet federal regulations, the assisted project/activity must address one or more of the conditions that contributed to the deterioration of the area. In accordance with DHCD policy, a project that directly addresses the elimination of deteriorated/blighted conditions identified in an inventory for a *target area* will have a scoring advantage over those that merely address prevention of blight.
- Applicants seeking to qualify area under slum/blight based solely on deterioration of public improvements must document that the public improvements throughout the area taken as a whole are in a general state of deterioration. Deterioration of a single element of infrastructure such as a roadway or sidewalk does not meet this criterion. If you qualify the area solely based upon deterioration of public improvements then you are limited to addressing blight of public improvements.

Other Considerations:

Please note that HUD does not consider transitory conditions such as graffiti sprayed walls and litter strewn, vacant lots to be long-term blighting influences.

HUD does not accept inappropriate zoning, the absence of infrastructure, or the presence of vacant or undeveloped land as prima facie evidence of blighted conditions.

For further information about Slums and Blight please see the Technical Assistance Guide - Commercial *Rehabilitation*

B. **Spot basis** – Improvements or *rehabilitation* to eliminate blight on a spot basis is limited to addressing conditions that are detrimental to public health and welfare. Applicants must provide a complete description of the site, showing why the building or property is deteriorated or deteriorating. This description must include indicators of serious health and safety concerns, structural decay, or historic significance. Projects such as acquisition, clearance, and *rehabilitation* may be undertaken on a spot basis. A project will not qualify on a spot basis if the project is located in an area that meets the definitions of a deteriorated, substandard or blighted area.

C. **Planning Project** - A planning project will meet this national objective if implementation of the plan will meet the criteria of elimination of slums or blight in items A or B above.

Urgent or Critical Community Need

Prior approval from Massachusetts CDBG must be obtained to use this national objective.

Threshold Requirements

Targeted Activities and Areas

All FY 2014 applications, including regional applications, must propose project activities that are targeted to a geographic area. **Multiple activity applications may target more than one area but all activities must be targeted.** Communities with populations under 5,000 may define their entire community as a *target area*. Applicants will demonstrate this through an additional narrative listing the CDBG-funded activities, a description of the *target area* and boundaries.

An applicant must provide:

- (i) the name of *target area(s)* in which activity (ies) will be conducted,
- (ii) attach a map of the *target area* with clearly identified boundaries, street names and other geographic features so that the *target area* is clearly identifiable, and
- (iii) description of the *target area(s)* and how the boundaries were determined. Why does this geographic area constitute a *target area* in the community?

(*Target areas* may be defined by a number of geographic definitions. Existing neighborhood designations, census tracts/block groups, commercial areas, downtowns or neighborhood centers, historic districts or other designations may be used. Generally, the area-wide benefit boundary (service area) used for establishing that a project meets the National Objective of Benefit to Low- and Moderate-Income Persons may not be used as a *Target Area* definition.)

Additional Thresholds

In addition to targeting requirements and CDBG thresholds for Eligibility and National Objective, additional threshold questions must be answered for each proposed project. Threshold questions are not scored. However, failure to answer or meet a threshold question will result in the rejection of the project packet. Each project must:

- (1) be consistent with the applicant's Community Development Strategy. (Guidance regarding the Community Development Strategy requirement is found in the FY 2014 One-Year Action Plan.) To meet this threshold a proposed project must relate to a Community Development need or needs identified by the community in the Strategy, and must have been identified in the Strategy as a means to address the need;
- (2) be consistent with the Commonwealth's Sustainable Development principles⁹. Consistency with the Sustainable Development principles is determined according to the Guidance found in the FY 2014 One-Year Action Plan and in Exhibits 5 and 6; and,
- (3) meet any Additional Project Thresholds as required below. The Construction and the Public Service packets, for example, have very specific threshold questions that must be answered.

1. Architectural Barrier Removal – A municipality applying for assistance with an architectural barrier removal project (including design only activities) must submit a copy of its locally approved Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition Plan. The ADA was enacted in 1990 and requires local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services, and set forth a process for involving the community in the development of the Self Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal. Completion of the Transition Plan is a required threshold for Architectural Barrier Removal applications.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community's request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Communities may wish to contact the

⁹ This threshold does not apply to Public Social Services, business assistance for projects requiring construction, or projects that eliminate a public health or safety risk (e.g., demolition of a blighted structure).

Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

Applications for Architectural Barrier Removal projects with construction costs of \$100,000 or more require bid-ready plans and specifications. Projects with construction costs less than \$100,000 but more than \$25,000 require design development drawings.

Finally, when used for Architectural Barrier Removal, CDBG funds may be used only for the relevant barrier removal work and directly related and required construction. CDBG funds cannot be used to address building code or local requirements that are not directly part of the removal of the architectural barrier. Please refer to the Architectural Barrier Removal Technical Assistance Guide for further information.

2. Bid-ready Plans and Specifications¹⁰ - Bid-ready plans and specifications are required for all public facilities and architectural barrier removal projects with construction costs of \$100,000 or more. Design development drawings are required for public facilities and architectural barrier removal projects or equivalent site and landscaping plans for Playground/Park projects with a total construction cost of more than \$25,000 but less than \$100,000.

In addition, DHCD recognizes that this requirement may be problematic for communities considering modular construction projects. To satisfy these concerns, in order to apply for assistance to undertake modular construction a community may instead provide DHCD with a reasonable cost estimate for the project. Detailed backup for the total costs for modular construction projects must include the cost of site preparation, off-site construction of the modular unit, and the cost of delivering and assembling the modular unit including all work necessary - including but not limited to all utility work and sub-trades - to result in the issuance of an occupancy permit. To accomplish this, the community must provide the following: the program for the building; plans, specs, and prices of comparable unit(s) from a manufacturer; evidence of the manufacturer's ability to deliver the unit during the timeframe for construction identified in the grant application; and a site plan.

Project Description

Provide a summary of the proposed project explaining the entire scope and essential elements of the project. If the CDBG funded project is part of a larger project include a description of the non-CDBG funded components. The project description, although not scored, is critical in helping reviewers to understand the entire proposed project/program and its eligibility. This description should be consistent with all packet information and may be used by DHCD to assess and insure project feasibility. The project description should not include a repeat of the answers to the scored questions.

For projects involving renovation of buildings used for CDBG-eligible and non-eligible activities, applicants must describe how space is allocated within the building and how the project will be pro-rated to address the mix of uses. For housing *rehabilitation* programs, a description of the program design should be included.

¹⁰ Bid-ready plans and specifications are those construction documents that constitute a presentation of the complete concept of the work including all major elements of the building and site design. The bid documents shall set forth in detail and prescribe the work to be done by the construction specifications; the materials, workmanship, finishes and equipment required for the architectural, structural, mechanical, electrical and site work; and the necessary solicitation information. Drawings shall include the following: a) Site plan showing the location and type of building; b) Scale plans of the building; c) Wall sections, details, and elevations in sufficient detail to serve as a basis for a construction estimate; d) All other required architectural, civil, structural, mechanical and electrical documents necessary to complete the project.

Budget Forms

All project packets include separate budget forms. Applicants should ensure that all dollar amounts included in the budget form are consistent with the cover sheet and all other associated information (including Summary Budget Sheet) in the application. The budget information provided will be used to confirm overall project feasibility.

Evaluative Questions

There are four evaluated questions in each project packet. Responses are reviewed using the same criteria as the competitive applications, but are evaluated for compliance and completeness, not scored. Reviewers determine if the question responses have been reasonably addressed and include all required response components, including those required by the application or as conditions of the application invitation letter. If the response is found to minimally meet requirements, but is lacking some information to constitute a thorough response, follow-up discussion, special conditions, and/or technical assistance comments may be utilized.

Questions ask for narrative responses as well as supporting materials such as documentation of funds, community support, maps, letters, forms, and photographs. Examples of documentation may include letters of commitment, certification of votes or actions, certified minutes or other verified actions. Failure to provide supporting documentation when requested by the applicable question may result in the packet not meeting minimum program requirements. In each packet, the applicant has the opportunity to justify the need for the project, the community involvement and support for the project, the feasibility of the project, and the anticipated impact of the project.

Applicants should review the Evaluative Questions carefully and be sure that they are directly responding to the questions and items as they are written and are directly supported by the attached documents. Applicants are directed to the italicized statement that follows each of the four Evaluative Questions. These statements clearly describe how reviewers will evaluate the responses to the questions. Within the Need, Community Involvement and Support, Feasibility and Impact questions are the criteria that will be used to score the responses. **Note: A project that is considered not feasible will fail to meet minimum program requirements and will be eliminated from review.**

The four evaluative questions are generally structured as indicated below. Some activity packets contain variations on these specifics. The *italicized* statements summarize the review standards that will be applied.

Question #1: Project Need - What is the need for the proposed project/program?

Define the need or problem to be addressed by the proposed project. Explain why the project is important. Provide evidence of the degree of severity of the need or problem. Who is the affected population and why is this population presently underserved or not served? Identify and describe the affected project area or facility and why this facility or area in particular is adversely affected? Need should be defined to reflect conditions in the *target area*.

The need for the project will be evaluated on the extent to which the response demonstrates the severity of need through summary descriptions of surveys, census data, architectural and engineering studies. As applicable (i.e., for projects involving construction or rehabilitation), photographs must be included as attachments to the packet. Although the EDF application is non-

competitive, Need is considered for how compelling it is relative to the availability of funds and past or competing applications and projects.

Question #2: Community Involvement and Support - Were the community and/or potential beneficiaries involved? (n/a for Planning Packets)

Demonstrate the involvement of the community at large and/or potential beneficiaries in the identification, planning and development of the proposed project. Provide evidence of public forums or meetings regarding the project and attendance records, press coverage or meeting minutes that **demonstrate** support for the project.

- a. How was this project chosen? What process was used to select this particular project? How was the process responsive to expressed community need? Demonstrate the outreach efforts made by the town/city to actively involve the community at large in the selection of this project. Include evidence: notices, newspaper articles.
- b. Demonstrate how the **potential beneficiaries and the community at-large** were actively involved in the **planning and development of the proposed project** beyond the required public participation process. Include evidence: meeting minutes, public forum notes, phone inquiries, letters, petitions, newspaper articles or letters to the editor, establishment of an advisory committee.
- c. Define the process to be used to maintain involvement of the project beneficiaries in the implementation of the project and assessment of the completed project.

Community Involvement/Support will be evaluated on the extent to which the community and potential beneficiaries were provided with opportunities for involvement, demonstrated involvement and resulting support for the project, and will have access to ongoing opportunities for involvement.

Question #3: Project Feasibility - Why is the proposed project/program feasible? (n/a for Planning Packets)

Demonstrate that the activity proposed is feasible by providing the following:

1. Describe what evidence exists to show that the community at large or project beneficiaries will use the project. Include documentation of **demand** for the activity through summary descriptions of surveys, inquiries, waiting lists (do not include resident names) or past participation.
2. Describe the present status of the project design.
3. Describe and document the present status of site control¹¹ for the project.
4. If applicable, describe and document the availability and source of matching or other funds needed to complete the project. Do not include in-kind services for town employees who would otherwise be responsible for a grant-related administrative function. In-kind services are accepted only as directly related to the project. (For example, force account labor by the Department of Public Works is acceptable.) Reviewers will use information provided here,

¹¹Evidence of site control may include but is not limited to a deed, long-term lease agreement, purchase and sale agreement, or other contract or legal document.

along with budget information provided elsewhere to assess the cost reasonableness of the project budget.

5. Describe and document the current status of *environmental review* and the timeline for completion of the process. Identify all necessary federal, state, and local permits, including state and local environmental permits, and the timeframe for obtaining them. Include the appropriate checklist(s) and response letters from relevant state agencies and/or local commissions (n/a for Public Social Services and Design).
6. Identify and describe the procurement process used or applicable to the project (if multiple processes are applicable, identify each process).
7. Identify the roles and responsibilities of all personnel involved in the project as well as internal controls.
8. Citing past accomplishments, document that:
 - the community has the necessary past expertise to conduct the activity and has successfully completed past activities in a timely manner, or
 - the community has experience acquiring the expertise, or
 - the community has a plan to acquire the necessary expertise.
9. Identify and **describe** the project milestones and timeline including unfinished *environmental review* steps, procurement of grant administration (if applicable), project bidding, and other project steps. State the duration of time needed for each milestone, and identify when each milestone will be completed.

*All EDF projects: Project feasibility will be evaluated on the extent to which the project is capable of proceeding at the time of award, can be effectively managed, and can be physically and financially accomplished within the grant period. Projects including overly complex compliance issues (e.g., relocation, flood hazard mitigation, environmental remediation, **relocation**, etc.), which might adversely affect project cost or implementation timeline will not be reviewed or funded (applies to 3.2, 3.3, 3.5 & 3.9).*

Additional evaluation considerations for rehabilitation and mixed-use projects:

- *Evidence that market conditions will support the lease-up or sale of the proposed residential and/or commercial space within a reasonable period following completion (applies to 3.1).*
- *Must be prominently sited in a downtown or commercial center area, proximate to traditional downtown commercial activities, transportation and appropriate services that are compatible with the proposed development (applies to 3.2).*
- *Design characteristics of the building and/or site must be appropriate to and compatible with the overall project and the neighborhood surroundings (applies to 3.2).*
- *Projects must meet of the Massachusetts Local Initiative Program (LIP) (applies to 3.2).*
- *Have no creditworthiness issues or concerns of the sponsor/owner (per Threshold #4 of the Mass. Low Income Housing Tax Credit Qualified Allocation Plan – applied as a threshold if no other bank involvement (applies to 3.9).*

Additional evaluation considerations for revolving loan funds(RLFs):

- *Written lending and underwriting policies and cash flow projections for the RLF assuming EDF funds are included (applies to 3.2).*
- *Explanation of demand for loans by the identified target clientele of the type and size being offered, and in the area of operation. It must be clear why these specific funds are needed, and why other available resources cannot meet this need (applies to 3.4).*
- *Cash flow projections of for the RLF, assuming continued use of EDF funds beyond the grant cycle (applies to 3.4).*
- *Organizational composition and structure for review and approval of loans. (applies to 3.7).*

Additional evaluation considerations for business technical assistance/training programs:

- *Criteria for participation and selection of assisted businesses (applies to 3.2).*
- *Management Capacity (applies to 3.7).*

Question #4: Project Impact - What will be the impact of the proposed project/program?

Describe the impact the activity will have on the specifically identified needs. What measurable improvements will result from the activity? How much of the need will be addressed? Define the direct and indirect outcomes that will result from the project. Identify quantitative and qualitative measures to determine that the outcomes are achieved. Refer to the specific *target area(s)*.

If the project is proposed under the National Objective of Prevention or Elimination of Slums and Blight provide information on how the activity addresses a) the elimination of deteriorated/blighting conditions as identified in the slums and blight inventory; or b) prevention of blight. (This slums & blight question is n/a for public social services)

Project Impact will be evaluated on the extent to which the response documents that the activity proposed will have measurable improvements/identifiable outcomes that will benefit the intended beneficiaries and/or the target area. Although the EDF application is non-competitive, Impact is considered for how compelling it is relative to the availability of funds and past or competing applications and projects.

Attachment Requirements:

- **Attachments must be placed in the section of the application that is applicable. All attachments related to the Evaluative Questions should be in the Evaluative Questions Attachments link for example.**
- **Do not include multiple copies of the same attachment.**
- **Attachments should support and document what is said in the narrative. Do not merely refer to the attachment and leave it up to the reader to discern the meaning of information contained in the attachment.**
- **Attachments should be clearly named and identified in the text. The name in the text should match exactly the name of the attachment.**
- **Do not attach unnecessary documentation. Reviewers will only look at attachments that are referenced and described in the narratives.**

PLANS, BUDGETS AND CERTIFICATIONS

Applicants are required to submit a series of plans, budgets and certifications regarding their proposed CDBG activities. All of the documents listed on the following pages are included as components of the online EDF Application on the [Massachusetts CDBG Program application website](#). Instructions and illustrations of each required document is provided below for instructive purposes.

IMPLEMENTATION PLAN AND CASH FLOW PLAN

The Implementation and Cash Flow Plan requires the applicant to project the rate of implementation and cash expenditure for every proposed project. These "milestones" will become part of the grant contract with Massachusetts CDBG and form the basis for the quarterly activity reports that each recipient must file as part of its contractual requirements. Communities should plan projects and programs to insure timely completion. Consider the feasibility of the proposal, and do not request funding to conduct programs that are unlikely to be finished on time. DHCD will only authorize grant extensions for

unforeseen circumstances and where the information justified and can be documented and justifiable. A community's inability to complete its projects/programs within a reasonable time period can result in penalties and may adversely affect future funding opportunities.

Each application must include an Implementation and Cash Flow Plan that summarizes all of the proposed projects.

Enter the requested information for each quarter in the grant year, as shown on the form. Enter the monthly amount expended to the nearest thousand dollars (e.g. \$101K).

The quarters are identified only as "Quarter #1," "Quarter #2," and so forth. Overall, each grant "year" is an 18-month cycle broken into six quarters. If the submitted Implementation Plan seems unrealistic or the actual grant award varies greatly from the total request made by the applicant, Massachusetts CDBG may ask for a revised Implementation and Cash Flow Plan as a special condition of the grant contract.

Communities must plan their applications around an 18-month implementation period

MANAGEMENT PLAN

The Grantee has overall responsibility for grant administration. All applicants must demonstrate that they currently have, or will be able to obtain, the *management capacity* to administer a CDBG grant. Describe the plan for grant administration, including the following:

1. In order to document this capacity, each applicant is required to describe a management plan for the administration of this grant. The plan must provide a system of checks and balances and adequate internal controls for delegation and oversight of all grant management activities.
2. Provide a grant management organizational chart which (a) identifies the relative position of the public office or official within the local government who will have primary responsibility for oversight of the Community Development Block grant; (b) indicates how the CDBG administrative structure fits into the general municipal administration.
3. If any portion of this grant is to be sub-contracted to another local agency for implementation, that agency should be identified and its relationship to the local government fully explained. If any portion of this grant is to be sub-contracted to a private firm or organization, the applicant should explain exactly what that organization will do and what its relationship will be with the local government.
4. List the staff positions assigned to grant management including project delivery.
5. Describe the responsibilities for each position listed by each project such as monitoring individual projects for timely implementation and compliance with applicable regulations, compiling and submitting grant reports, supervising personnel, initiating and obtaining approval for program and budget amendments, and processing requests for payment and ensuring that appropriate financial records are maintained.
6. Estimate the amount of time needed for each staff to perform these functions (% FTE). Demonstrate that the time allotted is sufficient given the responsibilities assigned.
7. Demonstrate that existing staff assigned these responsibilities is qualified to perform them or if the position is not filled, provide a list of qualifications needed for the person who will fill the position.

8. All staff positions must be consistent with the Program Delivery and Administrative Cost Breakdown Part A in the following section.

PROGRAM DELIVERY AND GENERAL ADMINISTRATIVE COSTS BREAKDOWN

Part A: Personnel and Fringe Benefit costs must be allocated by position and corresponding budget activity. Costs must be consistent with those described in the project packets. Refer to Appendix F for guidance.

Part B: Non-personnel costs consist of those sundry items needed in support of office overhead and program operation. Some costs have been classified as solely General Administrative costs and cannot be charged otherwise.

- 1) Membership, Publication(s), etc.: Dues for professional associations and subscriptions relating to overall information and guidelines administering a CDBG program.
- 2) Training and Education: Conferences, seminars, etc., relating to the management of the grantee's CDBG program.
- 3) Travel: Mileage, parking and tolls charged by an employee when using their own car for overall management functions, or on-site inspections of CDBG activities. This may also include travel costs for conferences and seminars.
- 4) Accounting, Disbursement Services: Those services provided by an accounting firm to create and/or maintain accounting records for the grantee's program. Check writing, payroll service costs charged by banks.
- 5) Legal Services: Attorney's fees for guidance relating directly to the grant projects.
- 6) Advertising: Publicized announcements relating to public hearings, procurement, hiring, and program outreach for a specific activity.
- 7) Reproduction/Printing: Brochures, forms, photographs, etc., needed in either the promotion or overall management of the grant.
- 8) Communications: Telephone, postal, and messenger services.
- 9) Supplies and Materials: General office supplies used in overall management of the program.
- 10) Maintenance and Repairs: Those costs that are necessary for the upkeep of property but do not add to the permanent value or prolong the intended life of the property. Administrative costs might consist of a Community Development Office, equipment maintenance/repair agreements and other general repair within the Community Development Office.
- 11) Audit: Single audits required to be performed on all federal funds at the recipient level, (excludes agency-level audits of sub-recipients) in accordance with 24 CFR Part 85. The ratio of CDBG funds expended to other federal funds expended determines the CDBG contribution to the cost of the Single Audit.
- 12) Computers and related equipment: Lease or purchase of computer services.

NOTE: Municipalities that do not have computers available to operate the CDBG grants management/accounting software MUST budget for the purchase or lease of an IBM compatible PC, current hardware, e-mail and/or Internet access.

- 13) Equipment: Lease or purchase of general office equipment, such as typewriters, desks, copiers, chairs, file cabinets, etc.
- 14) Professional Services: Professional services rendered by individuals or organizations not a part of the grantee department administering the grant program. The type of professional services must be identified on the budget page.
- 15) Application Preparation: Communities who have not received a Massachusetts CDBG Grant in prior years may budget up to \$6,000 for CDBG funds. Otherwise, up to \$3,000 is allowed.
- 16) Other: Specify miscellaneous costs related to the grant program.

The Indirect Percent Rate charged by an administering entity (if the grantee will engage in the services of such an entity) must be in accordance with a certified Indirect Cost Allocation Plan prepared by a CPA firm. This percentage is an assessment of total indirect costs, which cannot be clearly attributable to a particular program (e.g., space, heat, utilities, maintenance are some examples). If the rate/percentage is calculated based upon agency wide direct salaries, then the percentage derived is first calculated against the total CDBG general and program administration as a whole. Then that amount is broken down further by the percentages by each administration budget within this form.

Please note that General Administration cannot exceed 18% of the total grant request, and must be reasonable.

BUDGET SUMMARY SHEET

The Budget Summary Sheet is filled in automatically from the packet budget forms and General Administration Parts A and B, as they are entered.

OUTCOME PERFORMANCE SUMMARY CHART

Please insert the number corresponding to your selections, in each activity category for which you are applying, in the Summary chart.

Select a Performance Measures Objective:

Choose the Objective that best describes the purpose of the activity.

1. Create suitable living environments
2. Provide decent *affordable housing*
3. Create economic opportunities

Select a Performance Measures Outcome:

Choose the Outcome that reflects what achievements are expected.

1. Availability/accessibility
2. Affordability
3. Sustainability

For example, an application requesting Housing *Rehabilitation* loans and grants might select Objective 2. – Provide decent *affordable housing*, and Outcome 2. – Affordability. The chart would be filled in as follows:

PROGRAM/PROJECT/ACTIVITY		Objective	Outcome
4	HOUSING REHABILITATION		
B	Unit Development/Creation		
C	Rehabilitation Loans/Grants	2	2

Further information regarding the Outcome Performance Measurement System can be found in the Draft FY 2014 One Year Action Plan.

CHIEF FINANCIAL OFFICER'S CERTIFICATION

The Chief Financial Officer of the city/town must review the grant budget and determine whether it includes all costs that must be accounted for, given municipal budget procedures that apply to other, non-CDBG funded departments and operations. The Chief Financial Officer is usually the city auditor/town accountant, treasurer or director of finance.

MASSACHUSETTS CDBG PROGRAM FY 2014 CHIEF FINANCIAL OFFICER CERTIFICATION

Budget Summary/Administrative Cost Breakdown:

This is to certify that the Budget Summary and Administrative Cost Breakdown forms included in the City/Town of _____'s application to the Massachusetts CDBG Program have been reviewed and determined to be a fair and accurate accounting of allowable and reasonable costs.

The costs identified compare consistently with those described for each requested program activity identified in this application.

By: Chief Financial Officer

DISPLACEMENT OF NON-CDBG FUNDS CERTIFICATION

The Chief Elected Officer of the city/town must certify that CDBG funds are not used to displace non-CDBG funds under the control of the municipality.

MASSACHUSETTS CDBG PROGRAM FY 2014 CDBG FUNDING DISPLACEMENT CERTIFICATION

This is to certify that CDBG funds shall not be used to displace non-CDBG funds under the control of the Municipality:

By: Chief Elected Official

ANTI-DISPLACEMENT AND *RELOCATION* CERTIFICATION

All applicants must complete and submit the following form to certify that the community (lead) will be in compliance with the requirements of the Section 104(d) of Title I, Housing and Community Development Act of 1974, as amended.

The applicant community, based on its *Relocation* Plan, must certify that they (and co-applicants, when applicable) will comply with the requirements of Title I.

1. This certification is based on the *Relocation* Plan established by the applicant or leads community and obligates all participants to comply with the requirements of the Uniform Relocation Act and Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended.
2. This certification form may be signed by the Community Development or the Planning Director, or by the Administrative Assistant, or Executive Secretary to the Chief Elected Official, or the Chief Elected Official of the lead municipality.

MASSACHUSETTS FY 2014 CDBG PROGRAM

**ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE CERTIFICATION
(Under Section 104(d) of the HUD Act of 1974, as amended)**

The Town/City of _____ will replace all occupiable and vacant (for at least 3 months) low-moderate income dwelling units demolished or converted to a use other than as low-moderate income dwelling units as a direct result of activities assisted with funds provided under the Housing and Community Development Act of 1974, as amended, described in 24 CFR 570.496(a) and (b)(1).

All replacement housing will be provided within three (3) years of the commencement of the demolition or rehabilitation related to conversion. Before obligating or expending funds that will directly result in such demolition or conversion, the town/city of _____ will make public and submit to the DHCD, if requested, the following information, in writing:

1. A description of the proposed CDBG-assisted activity.
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low-moderate income dwelling units as a direct result of the CDBG-assisted activities.
3. A time schedule for the commencement and completion of the demolition or conversion.
4. The general location, on a map, and approximate number of dwelling units, by size (number of bedrooms), that will be provided as replacement dwelling units.
5. The source of funding and a time schedule for the provision of replacement dwelling units.
6. The basis for concluding that each replacement dwelling unit will remain a low-moderate income dwelling unit for, at least, ten (10) years from the date of the initial occupancy.

The Town/City of _____ will provide relocation assistance, as described in 24 CFR 570.496 (a)(b) to each low-moderate income household displaced by demolition of housing or by the conversion of a low-moderate income dwelling unit to another use as a direct result of CDBG-assisted activities. Consistent with the goals and objectives of activities assisted under the Act, the Town/City of _____ will take steps to minimize displacement of persons from their homes.

Signature

Name

ANTI-DISPLACEMENT AND RELOCATION PLAN SUMMARY

Every recipient of CDBG funds must maintain and enforce an anti-displacement and relocation assistance plan that (a) describes how the design and implementation of its activities will minimize displacement and (b) identifies benefits to be provided in case of relocation, both permanent and temporary. The plan must encompass requirements of the Uniform Relocation Act and Section 104(d) of Title I, Housing and Community Development Act of 1974, as amended.

The applicant must develop a relocation plan that includes provisions for relocation protection, payments and other assistance for any CDBG-assisted activity that will temporarily or permanently displace low- and moderate-income persons or businesses. The following form requests a *summary* of the information that should be included in the Relocation Plan. The community's actual plan must be maintained on file throughout the life of the grant.

- I. Identify the officer (name or position) who will be responsible for the task of overseeing compliance with relocation assistance. Indicate also the number where he/she can be reached.
- II. Check off the activity that will result in relocation or displacement. If not indicated here, please describe the activity.
- III. Indicate the type(s) of relocation assistance to be provided. Assistance is required under both Title I of the Housing and Community Development Act and the Uniform Relocation Act and is an eligible CDBG expense. The plan must identify the activity, which may cause the displacement, the number of individuals or businesses to be affected; the likely cause of these actions; and the timing of such actions.
- IV. Indicate whether permanent displacement is anticipated for any of the proposed activities. It is DHCD policy to discourage projects that will cause the permanent displacement of persons, regardless of income. This is why it is important to explain what steps the community will take to minimize displacement during the implementation of proposed activities.
- V. Describe the grievance procedure to be followed relative to relocation and displacement. Communities should include the procedures they will follow when removing *lead paint* and asbestos. The Massachusetts law on *lead paint* removal requires temporary displacement of occupants during the abatement process.
- VI. When undertaking housing and economic development activities, the requirements of Section 104(d) of Title I (i.e., for one-for-one replacement unit and relocation assistance discussed above) apply and replacement unit(s) must be:

The Anti-Displacement and Relocation Plan Summary must be placed immediately after the Anti-Displacement and Relocation Certification.

**Federal FY 2014 Massachusetts Community Development Block Grant Programs
ANTI-DISPLACEMENT
AND RELOCATION ASSISTANCE PLAN**

Each grantee must submit a residential and business relocation assistance plan including provisions for relocation protection, payments, and other assistance. The plan should take into consideration: the types of CDBG-funded activities that will/may lead to displacement, the availability and location of vacant replacement/temporary housing or business units, the special needs of displaced occupants (e.g., children, elderly handicapped, and etc.), and an evaluation of the local resources available to carry out timely and orderly relocation activities.

1. Relocation Officer _____ Telephone # _____
2. FY 2014 activities that will/may result in temporary displacement:

Property Rehabilitation _____
Lead Paint Removal _____
Asbestos Removal _____
Other (explain) _____
3. Types of relocation assistance offered (housing, meals, transportation, etc.), sources (Community Development Block Grant, landlord, in-lieu of rent, allowance, etc.) and methods of payment (reimbursement, advance, direct payment to provider, etc. (attach separate sheet if necessary):

4. Do you anticipate any permanent displacement? If yes, please explain below:

5. What is your grievance procedure?

6. Procedures to be followed when removing lead paint and asbestos:

PUBLIC HEARING DOCUMENTATION

Applicants are required to hold at least *two* formal public hearings *during a CDBG grant cycle*. At least *one must be held before submitting an application* for CDBG funds. DHCD encourages but does not require applicants to hold more than one public hearing during the application process.

1. Public hearings should be held at least two (2) weeks prior to the submittal of the application. The hearings must be held during times that the public can reasonably be expected to attend. The meetings dates must also allow sufficient time for the applicant to make changes in the proposal if public input so warrants.
2. Advance notice must be sufficient to reasonably allow for attendance. Notices should include:
 - a. Identify the public body that is to hold the hearing;

- b. Identify the project area(s) and proposed activities;
 - c. The names of each community participating in the proposed activities;
 - d. Identify the agency that is to undertake the project(s);
 - e. Identify the date, time, and place of the hearing; and,
 - f. State that any person or organization wishing to be heard will be afforded an opportunity to be heard.
3. Public notification can include the following: newspaper articles notices; public service spots on radio or cable television; brochures/flyers at various locations within each of the communities participating in a joint activity or program; bulletin boards, and legal advertisements.
4. Public Notice Documentation: Describe and attach a copy of the notices, articles, etc., which informed the public of hearing.
5. Minutes: Attach a copy of the minutes of any hearings. Minutes must include presentations and concerns raised or comments made by those in attendance, and a list of persons who attended the hearing.
6. If this FY 2014 application proposes to continue a previously funded CDBG project/program, please attach a copy of the minutes from the public hearing that includes citizens' views on the outcomes and the effectiveness of the CDBG project/program and ways of improving these projects/programs.

**Federal FY 2014 Massachusetts CDBG Grant Programs
PUBLIC HEARING DOCUMENTATION**

PUBLIC HEARING INFORMATION:

Date/Time Held: _____

Number of Attendees: _____

Location: _____

Hearing Officer: _____

Hearing Outreach:
(List all sources) _____

Dates published: _____

Where Published? _____

HEARING NOTICE AND MINUTES DOCUMENTATION:

Attach a copy of the public hearing notice as it appeared in the newspaper(s) listed above, or a copy of the notice as was posted in the appropriate public buildings. In addition, you must attach a copy of the minutes from the public hearing. This documentation should only be placed in the Public Hearing link of the Forms page of the application.

CITIZEN PARTICIPATION PLAN (NARRATIVE)

To comply with Title I, grantees must provide for wide citizen participation in conducting their planning, implementation and completion of CDBG-funded programs.

Instructions Applicants must submit a local citizen participation plan which encourages and provides for participation by citizens (and in particular by low- and moderate-income persons) during the development of the application, and if funded, during the implementation and evaluation of the program.

1. The community's plan must incorporate:
 - a. how its citizens, or organized groups like community or neighborhood based organizations, human and social service groups, downtown businesses, merchants and other potential interested parties, participated in the identification of needs and the development of the proposed activities was accomplished, particularly for low- and moderate-income persons;
 - b. how the applicant will provide technical assistance to groups who represent low- and moderate-income persons throughout the grant term;
 - c. how review of program performance will be accomplished during the grant year;
 - d. the procedures and hierarchy for resolving complaints and grievances for each project type that is proposed;
 - e. the mechanism through which the needs of handicapped and non-English speaking residents will be accommodated during the citizen participation process.
2. As part of a community's citizen participation process, the applicant is required to hold at least one formal public hearing before submitting an application for CDBG funds. This hearing must be held during a time (times) that the public can reasonably be expected to attend. The meeting date must also allow sufficient time for the applicant to make changes in the proposal if public input so warrants.
3. If funded, the community must also hold at least one public hearing during the grant cycle to obtain citizen comments on the outcome and effectiveness of CDBG programs and ways they could be improved upon in the future.
4. If during the grant cycle the municipality decides to amend its grant contract in order to substantially alter the design of a funded activity, delete an activity or add a new one, it must hold a public hearing before petitioning DHCD for a contract amendment.

PROGRAM CONTINGENCY PLAN

Describe in detail the Community's contingency plans, for all of the activities requested in this Application, to address cost overruns, change orders, bids in excess of available funding or other situations that threaten the completion of activities on time and within budget.

Re-programming of CDBG program funds may not be included as an option. Commitment of Program Income funds may be included in the Plan.

PROGRAM INCOME CERTIFICATION

This form reports availability of program income resulting from previous CDBG programs in the community (it includes program income retained by an administering agency or subgrantee).

The form must be certified by both the City/Town Treasurer and the CDBG Program Director from the community. If there is no designated director at the time of application, the Chief Elected Official of the City/Town must sign this certification.

1. The activities which generate program income may include, but are not limited to, the following: (a) proceeds from the sale of real and personal property, in conformity with the
2. Anti-Speculation Plan; (b) principal and interest payments made on a CDBG-funded loan; (c) interest earned from prior lump sum drawdowns, escrow accounts, or revolving loan accounts.
3. There are regulatory requirements that previously funded CDBG grantees must follow when classifying program income. These requirements are dependent upon the fiscal year that generated the program income and if there was a gap in receipt of CDBG funds. Follow these guidelines when determining the program income.
 - a. Program income earned from CDBG grants starting with federal FY 1993 always maintains its CDBG identity and must be spent according to all CDBG rules and regulations. The only exception is where less than \$35,000 in program income is earned during a year.
 - b. Program income earned for fiscal years prior to FY 1993 and the grant has been officially closed-out, and where there is a break in program funding, is not subject to CDBG regulations and therefore, not reported in this certification. For example, a grantee has officially closed its FY 1990 program on 5/15/93. There was no award made in FY 1991. Program income received after 5/15/93 from FY 1990 sources (e.g., loan repayments) is not subject to the regulations.
4. For those grantees that may have existing CDBG grant(s) at the time of application, please *do not include information on the Designated Depository Account*. This account is used solely for the initial receipt and disbursement of funds drawn from the state.
5. Please attach the most recent copies of all bank statements relative to the program income accounts.
6. The left column represents the Source(s) of Program Income and the right column represents the Use(s) of Program Income.

7. Under Source(s) there are 4 columns:
 - a. Program Year and Activity - Indicate the program year and the activity, which generated the program income (e.g., FY 04 - Housing Rehabilitation or FY 03 - Commercial Improvement).
 - b. Most recent bank statement should be used.
 - c. Account Name and Number - List all the bank account names and corresponding number relative to the source of program income. This should include program income retained by a sub-grantee or administering agency.

DO NOT INCLUDE THE CDBG DESIGNATED DEPOSITORY ACCOUNT nor program income generated from other HUD-administered programs such as UDAG Grants.
 - d. Amount - Indicate the balance on the account as of the submitted bank statement.
8. Under the Applied Activity, there are also 4 columns:
 - a. Program Year and Activity Commitments - List all the activities and corresponding FY which will use program income (e.g., FY 02 - Housing Rehabilitation).
 - b. Amount Committed - Indicate the total amount committed for each activity. Please note that commitment here refers to signed contracts, award or commitment letters, appropriation language or other evidence deemed suitable by DHCD.
 - c. Balance Uncommitted - Indicate the amount remaining to be committed for each fiscal year, per activity.
 - d. Date of Projected Expenditure - Indicate the anticipated date of expenditure, by activity.

PROGRAM INCOME PLAN

Any community that expects to realize some program income as a result of their Massachusetts CDBG program (through loan repayments, recapture, and the like) must indicate in this section how they propose to use their program income.

The proposed Program Income plan should follow these guidelines:

1. All communities must estimate how much program income they expect to receive, from what sources, and over what time periods.
2. If the Program Income Plan will continue the originally funded CDBG activity that is proposed in this FY 2014 application, the applicant should so state. (If the proposed FY 2014 program involves multiple activities, the plan should outline the allocation of program income among these activities.)
3. Applicants who wish to propose an alternate, CDBG-eligible activity from program income should describe this intended re-use.

CHIEF ELECTED OFFICIAL (CEO) CERTIFICATION FORM

FY 2014 MASSACHUSETTS CDBG PROGRAM

CHIEF ELECTED OFFICIAL (CEO) CERTIFICATION FORM

On behalf of the applicant, of which I am a duly authorized local official empowered to sign such documents, I certify that the following actions have or will be taken:

1. The applicant possesses the legal authority to make a grant submission.
2. The applicant will minimize displacement resulting from CDBG-funded projects whenever possible, and comply with relocation requirements governing the CDBG program.
3. The project will be conducted in accordance with Title VI and Title VIII of the Civil Rights Act and, further, the applicant will affirmatively further fair housing consistent with 24 CFR 570.487(b).
4. The applicant has provided opportunities for citizen participation, has conducted a public hearing, and has provided information to citizens regarding the project that is to be submitted for CDBG funding consistent with Section 104(a) (2) of Title I of the Housing and Community Development Act of 1974, as amended.
5. The applicant will not attempt to recover any capital costs of public improvements assisted in whole or in part with CDBG funds by assessing properties owned and occupied by low- and moderate-income persons unless: (A) CDBG funds are used to pay the portion of such assessment that relates to non-CDBG funding or; (B) the applicant certifies to the State that, for the purposes of assessing properties owned and occupied by low- and moderate-income persons who are not very low-income, the applicant does not have sufficient CDBG funds to comply with the provisions of "A" above.
6. In applying for this grant from the Massachusetts Community Development Block Grant Program, the applicant understands that its Chief Elected Official is ultimately responsible for compliance with all requirements of the Program, including providing sufficient management oversight to carry out the activities requested hereunder.

Certification Regarding the Use of Force

The Community further certifies that:

1. The applicant will adopt/has adopted and will enforce a policy to prohibit the use of excessive force by law enforcement agencies within their jurisdiction against any individuals engaged in nonviolent civil rights demonstrations.
2. The policy to be adopted or has been adopted is contained in:
 - a. a local legislative act (such as an ordinance); or
 - b. a local administrative act (such as a written statement of policy by the local chief elected official); or
 - c. an executive order; or,
 - d. a regulation within the police department.

3. The community understands that a new policy need not be adopted if they have and are enforcing a written policy that meets the requirements of Section 519 of the Housing and Community Development act of 1974, as amended.

Certification Regarding Lobbying

The Community further certifies that:

1. No federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and officer or employee of Congress, in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, or renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an employee or officer of congress, or an employee of a member of congress in connection with this shall complete and submit standard form - III, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers, (including subcontracts, sub-grants, and contracts under grants, loans and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

Certification Regarding Disclosure Requirements for Activities Receiving \$200,000 or More

The undersigned shall comply with the requirements of full disclosure for any project or activity proposed for and receiving funding equal to \$200,000 or more. Disclosure will include providing information regarding:

assistance from other government sources in connection with the project;

financial interests of persons involved in the project (from planning to development to

implementation of the project or activity), such financial interests exceeding \$50,000 or 10% of the project assistance requested, whichever is lower; and

sources and uses of other funds involved in the project.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, US Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

By: _____
Signature, Chief Elected Official
(Lead Applicant Only)

Typed Name

Title

Date

ANTI-SPECULATION AND RECAPTURE PLAN (NARRATIVE)

Applicants must provide a plan that describes how they will discourage real estate speculation and ensure housing affordability when using federal funds to rehabilitate private property (**both housing and commercial properties**).

Instructions: The Recapture and Anti-Speculation Plan describes the community's policy and procedures to discourage real estate speculation and ensure continued housing affordability. Communities shall design and implement policy and procedures that are consistent with local conditions. In the case of housing *rehabilitation* projects, Plans shall specify how the community will ensure the terms of affordability, method and procedure for monitoring affordability, and corrective actions in the event of noncompliance. In addition, the following shall apply in Housing *Rehabilitation* Programs:

1. **Term of Affordability-** All housing units assisted with CDBG funding will carry a minimum affordability term of fifteen years (15) from the date of *rehabilitation* completion.

Rentals – Both owner-occupied and investor-owned properties shall execute an *Affordable Housing* Restriction and Rental Agreement identifying the specific number of units restricted to low and moderate income occupants, the term of affordability (no less than fifteen years), maximum allowable rents to be charged for restricted units, maximum allowable rent increases, and process by which tenants will be notified of rent increases.

Rents shall not exceed the lesser of the Section 8 Existing Housing Program Fair Market Rents as established by the U.S. Department of Housing and Urban Development (HUD) for the area pursuant to 24 CFR 888 or the High HOME Rents established by HUD pursuant to CFR 92.252(a)(2). In instances of *rehabilitation* of occupied units, initial rent increases may not occur

prior to the expiration of the existing lease. For all restricted units, the maximum allowable rent increase shall be consistent with the current Section 8 Annual Adjustment Factor.

Single – Unit Homeowner Properties - A Deferred Payment Lien with a minimum of a fifteen year period shall be recorded against properties rehabilitated with CDBG funds. Deferred Payment Liens are an example of a mechanism by which communities may provide funding to low and moderate homeowners while ensuring continued affordability.

2. The Plan must describe procedures for recapture of program funds in instances of rental agreement, lien provision, and/or other program violations by property-owners.
3. The Plan must describe the community's method by which it will monitor compliance with *Affordable Housing* Restrictions, Rental Agreements, and liens, as applicable. Descriptions shall include designation of responsible staff person(s) and corrective action to be take in case of non-compliance with the provisions of the Plan. For example, use of lien ledger sheets, monitoring lien discharges, specification for instances in which forgiveness will be exercised (serious illness, etc.), and review and compliance of rental leases.
4. The Plan must include the community's policy for subordination and refinancing of loans.

CIVIL RIGHTS CERTIFICATION

All applicants are required to complete the Civil Rights Certification form. Please answer all questions completely and attach required documentation, if necessary. Documents may be attached in the "Other Attachments" section of the application document. Communities should consult with Counsel or Civil Rights/Disabilities Commissions as appropriate.

- 1) Is a civil rights related complaint against _____ (applicant/ entity) or its employee(s) currently pending?

Explain (if an administrative or judicial complaint has been filed, please attach a copy of the complaint):

- 2) Is there currently an enforceable civil rights order or consent decree resulting from administrative or judicial proceedings against _____ (applicant entity) or its employee(s)?

Explain (including whether there is currently compliance with the order or consent decree):

- 3) Has there been an administrative or judicial civil rights finding, decision, or opinion within the last 5 years against your organization or against _____ (applicant entity) or its employee(s)?

Signed: _____ Date: _____

If appendices are submitted with your application, please adhere to these requirements:

- ## APPLICATION REVIEW PROCESS

Each project will be evaluated to determine whether the proposed projects meet all Massachusetts CDBG threshold tests. Failure to meet any one of these tests eliminates the project from review and it will not be evaluated. **Projects that do not meet the threshold for Feasibility will not be evaluated further.** The application is evaluated on the information it contains.

- (1) AIF/Initial Meeting - The applicant must submit an Application Information Form (AIF), using DHCD's web-based application system, before DHCD will consider an EDF application. Upon receipt and review of the AIF, CDBG staff will schedule, as appropriate, an initial informational meeting between program staff and representative(s) of the municipal government. If circumstances warrant, DHCD may waive the initial informational meeting.
- (2) Application - If the AIF indicates that the proposed project is consistent with program requirements and likely to meet feasibility and threshold criteria, CDBG staff will invite the

community to submit an application. If the applicant does not submit an application within three (3) months of the date of the invitation letter, it may be required to submit another AIF and repeat the two-step application process in order for DHCD to further consider the proposed project.

Applications will be reviewed for completeness, documentation of application / project thresholds, and responses to project-specific questions and comments (project conditions) included in DHCD's letter of invitation. To be considered for funding, a proposed activity must meet all thresholds, and must address all project conditions to the satisfaction of DHCD. In the event there are insufficient funds for all eligible applications, DHCD reserves the right to consider EDF applications out of order of receipt based upon a review of the number of jobs to be created or retained, the impact of a project on the local tax base, such as increase in tax revenues, sudden job loss, levels of matching or leveraged funds, or other compelling circumstances.

Planning activity packets will be evaluated using Project Need and Impact criterion only.

Once initial reviews have been completed, reviewers meet with review team leaders to discuss applications and reach consensus on the evaluation of the application. DHCD reserves the right to conduct site visits and or verify information from state, federal or other entities.

The entire EDF review process takes approximately 6-8 weeks.

Appendix K

1. NAME OF SLUM & BLIGHT AREA:

Property Data

Address:
 Zoning or Land Use:
 Commercial/Residential:
 Stories:
 General Construction:
 Storefront Construction:
 Building Age:
 Vacant: yes ☐ no ☐ other:
 Assessed Value:
 Other Relevant Data:

Insert Photo

If the property contributes to slum & blight, please check all that apply.

- ☐ Physical Deterioration of Building
- ☐ Abandoned Property
- ☐ Chronic High Occupancy Turnover
- ☐ Chronic High Vacancy Rate
- ☐ Significant Decline in Property Value
- ☐ Abnormally Low Property Value
- ☐ Known or Suspected Environmental Contamination
- ☐ Other (please explain)

☐ *The property is not contributing to slum and blight*

Describe the condition of each applicable component using the category definitions found on pages 21-24. Also explain if the turnover/vacancy, property value, and/or contamination boxes which are checked above.

<u>Component</u>	<u>Condition</u>
-------------------------	-------------------------

Roofing

Windows and Doors

Exterior Walls

Porch/Stairs/Deck

Foundation

Storefront & Signage

Parking Lots

Other:

Overall Property Rating: (Excellent / Good / Fair / Poor) briefly state why.

2. NAME OF SLUM & BLIGHT AREA:

Public Improvement Data

Street Name:

(please use a separate form for each street)

Zoning or Land Use:

Infrastructure age

Water line:

Sewer line:

Road surface:

Lighting:

Sidewalk & curbs:

Other Relevant Data:

Insert Photo

Please check the appropriate box.

☐ Physical Deterioration of Public Improvement
or

☐ The public improvement is not contributing to
slum and blight

Describe the condition of each applicable component using the category definitions found on pages 21-24.

Component

Condition

Road Surface

Water Lines

Sewer Lines

Existing Sidewalk

Curbing

Drainage

Parking Lot:

Lighting:

Trees/Landscaping:

Park/Playground:

Other:

Overall Rating: (Excellent / Good / Fair / Poor) briefly state why.

APPENDICES AVAILABLE

On

[EDF website:](#)

- A. Eligible Community Development Block Grant Activities
- B. HUD Low and Moderate Income Census Data by City and Town
- C. HUD Survey Methodology
- D. Elderly Household Statistics
- E. Fiscal Year 2014 Low and Moderate Income Limits
- F. Management Organization/ Position Classification and Wage Schedule Guide
- G. Primary Federal Regulations
- H. MA Entitlement Communities
- I. Public Facilities Projects-Phases of Design
- J. Base-line Information Form for CDBG Activities re: slums or blight
- K. Property Rating Sheet and Infrastructure Rating Sheet
- L. Green/Sustainable Building and Energy Star Guidance
- M. EDF Glossary of Terms
- N. Massachusetts CDBG Program/EDF Job Monitoring Packet